PEANUT ACREAGE ALLOTMENT AND PRICE SUPPORT PROVISION

HEARINGS

BEFORE THE

SUBCOMMITTEE ON PEANUTS

OF THE

COMMITTEE ON AGRICULTURE
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH CONGRESS

SECOND SESSION

ON

H. R. 11098, H. R. 12224, H. R. 12545, and H. R. 12566

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WEDNESDAY, MARCH 26, 1958

HOUSE OF REPRESENTATIVES,
COMMODITY SUBCOMMITTEE ON PEANUTS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:45 a. m., in room 1310, New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Present: Representatives McMillan (presiding), Abbitt, and Smith.

Also present: Representatives Gathings, Matthews, Hagen, and Mabel C. Downey, clerk.

Mr. MCMILLAN (presiding). The committee will come to order.

The committee has met this morning for the purpose of considering a bill introduced by Congressman Matthews of Florida, H. R. 11098.

(H. R. 11098 is as follows:)

[H. R. 11098, 85th Cong., 2d sess.]

A BILL To amend the Agricultural Adjustment Act of 1938 with respect to acreage allotments for cotton and peanuts

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 344 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1344), is amended by adding at the end thereof the following new subsection:

"(n) The planting of cotton on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under provisions of this section: *Provided, however,* That, by reason of such planting, the farm need not be considered as ineligible for a new farm allotment under provisions of this section."

SEC. 2. Section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

Mr. MCMILLAN. We have with us Mr. James W. Merrill and Mr. James E. Thigpen from the Department of Agriculture. Will you move up to the witness stand?

We would like to hear the Department's views on this legislation. Mr. Matthews has indicated that he will make a statement or submit one for the record after the Department has spoken.

STATEMENT OF JAMES W. MERRILL, CHIEF, PRODUCTION PROGRAM BRANCH, OILS AND PEANUT DIVISION, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JAMES E. THIGPEN, DIRECTOR, OILS AND PEANUT DIVISION

Mr. THIGPEN. Thank you, Mr. Chairman. I would like to make a short statement first.

I believe that the problem here arises out of the situation which has existed on peanuts in recent years and which relates itself to the war, when the acreage of peanuts was roughly doubled at the request of the Department to provide peanuts for the production of oil. After the war that acreage was reduced by approximately half; the allotments by States are, I might say, frozen by existing legislation.

With the price support for peanuts the crop is attractive to the farmers in the areas in which it is grown and consequently there is an effort on the part of farmers to increase their production or to get new allotments.

Under existing legislation a farmer can plant peanuts without an allotment and the next year he becomes eligible for some allotment, or the farm becomes eligible for some allotment as an old farm.

To the extent that allotments are established in such case the acreage involved must be taken away from the other farmers who have been growing peanuts for a longer period of time and who already have allotments. That creates a rather difficult situation on the part of these farmers who had their acreages cut by half after the war.

The Department, even though this acreage is reduced by half, still is faced in most years with some surplus coming from the minimum total allotment which is fixed by law and the diversion of that surplus is a relatively costly item.

The change proposed here would prevent a farmer from planting without an allotment in a given year and then obtaining an allotment as an old farm in the next year.

It would not, however, prevent that farmer from obtaining an allotment as a new farmer. It would prevent a consideration of acreage grown without allotment as experience in establishing allotment for a new farm.

I believe that is all that I care to say at the moment.

Mr. MCMILLAN. Thank you. Any questions?

Mr. GATHINGS. Mr. Chairman, I wonder if this gentleman from the Department would give us some information with respect to the reductions that the growers in peanuts have to take as the result of the fact that these people who plant small acreages in peanuts get the old-farm status and are permitted to get a little of that acreage which is taken away from those other farmers in the county. I just wondered how that affects these old growers who, I should think, grow more peanuts than the one with the smaller acreage.

Mr. THIGPEN. Mr. Merrill, I believe you have the figures on that.

Mr. MERRILL. I do not have the exact figures on the subject. I think however that I can point out pretty generally how it has affected them in the past.

Now, that varies tremendously by States.

Mr. GATHINGS. Yes, I would imagine it would.

Mr. MERRILL. In Mr. Matthews' State of Florida for example, farmers have taken in any 1 given year as much as 3 or 4 percent reduction because of having to establish these allotments for farmers who had never grown peanuts before. In other words, these farmers did not come in and make application for a new-farm allotment. They just went out and grew peanuts without an allotment. Establishing allotments for these farms has in certain years reduced the allotments for regular old farms by 3 or 4 percent.

Mr. GATHINGS. And that would hurt, too, believe me, if it goes on year in and year out and that would make considerable difference in the income of these farmers; isn't that so?

Mr. MERRILL. That is right. However, in that regard I would like to point out that the legislation that the Congress enacted last year on green peanuts did help the situation considerably.

As you know, there is a tremendous acreage of green peanuts grown in Florida and prior to the enactment of the green peanut legislation the State and county ASC committees had to establish allotments for these green peanut farms so that the legislation did help that situation.

Mr. GATHINGS. As I understand from Mr. Matthews' letter, they have approximately an allotment in the State of Florida of about 54,000 acres.

These farmers, of course, would assume that if that same allotment of 54,000 acres comes to the State each year, they would be given the same acreage on their particular farm?

Mr. MERRILL. That is exactly right, sir.

Mr. GATHINGS. And I just wondered whether or not it is the opinion of the Department—I did not get your comments as to whether or not you would favor Mr. Matthews' bill.

Mr. MERRILL. Mr. Matthews, prior to introducing this legislation, wrote a letter to the Department requesting the Department's opinion on the bill. The Department informed Mr. Matthews that we favored the legislation.

To carry it one step further, at the moment speaking of the problem close to Mr. Abbitt, this is not as serious a problem in the State of Florida as it is elsewhere—not as serious.

Congressman Abbitt will remember that 2 years ago in Virginia, instead of a farm with a 10-acre allotment getting 10 acres, it received 9.9 acres. Every farm with an allotment of less than 9 acres did not receive a reduction. This occurred because of the factoring process.

Now, those fellows down there had a terrible time explaining why allotments of over 10 acres were reduced.

Mr. MATTHEWS. Mr. Chairman, may I at this point in the record submit the letter from Mr. True D. Morse, the Acting Secretary of Agriculture, dated March 14, 1958, in which the Department expressed approval of this legislation?

Mr. MCMILLAN. Without objection.

(The letter referred to is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., March 14, 1958.

Hon. D. R. MATTHEWS,
House of Representatives.

DEAR CONGRESSMAN MATTHEWS: This is in reply to your request of January 2, 1958, for a statement of the Department's position relative to provisions of a bill which you plan to introduce during the current session of Congress.

The Department favors enactment of legislation as proposed.

As we understand your proposal, if enacted the legislation would provide (1) that the production of cotton or peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established would not make the farm eligible for an allotment as an old farm under provisions of existing legislation, (2) the production of these crops without an allotment would not cause the farm to be ineligible for a new farm allotment, and (3) the production of peanuts without an allotment would not be deemed as past experience in the production of peanuts for any producer on the farm.

Under provisions of existing legislation the production of peanuts on a farm for which an allotment has not been established makes the farm eligible for an allotment as an old farm in the following year. In the case of cotton, the farm is eligible for an allotment the following year if reserve acreage is available to the county for establishing an allotment for such farms. Thus the allotments for farms on which cotton or peanuts have been grown for a number of years are subject to continued reduction to provide acreage for farms which become eligible for allotments by reason of planting cotton or producing peanuts without an allotment. These reductions have been particularly disruptive in the case of peanuts.

We would recommend that the word "production" appearing twice in section 344 (n) of the bill you plan to introduce should be changed to "planting."

Enactment of the proposed legislation would not involve the expenditure of additional funds.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely,

TRUE D. MORSE, *Acting Secretary.*

Mr. GATHINGS. It does not seem to me that it could do any harm. I do not see that the change in the law as suggested by Mr. Matthews could in any way be objectionable.

Now, I want to ask you this. What percentage of the 54,000 acres in the State of Florida is held back at the State level as a reserve for the present year and for last year? Do you know what the Florida situation is?

Mr. MATTHEWS. Yes, I believe I could give you that.

In the State of Florida last year they actually received 53,031 acres which was apportioned among 6,405 farms. They held out for reserve 440 acres.

Mr. GATHINGS. Who got that acreage?

Mr. MERRILL. The old growers. But to show you how the thing works, a farmer with a 10-acre allotment in Florida received 9.8 acres, because they had to factor all the allotments in the State about 98 percent in order to bring allotments within the acreage allotted to the State.

Mr. GATHINGS. The farmers have been complaining to you, Mr. Matthews, have they, that they have received about 9.8 out of a 10-acre allotment?

Mr. MATTHEWS. Well, I would say that the general complaint is that they just don't understand why their allotment is reduced each year, when they look and see that the total amount apportioned to the State is pretty constant. They just don't understand it. Would the gentleman yield?

Mr. GATHINGS. Yes.

Mr. MATTHEWS. Mr. Merrill, could you give me an idea as to how many of these six-thousand-odd peanut growers in Florida are those who just plant 1 acre each year?

Mr. MERRILL. The ones who plant less than 1 acre each year are not reflected in the 6,000 because under the act we do not establish allotments for farms on which 1 acre or less of peanuts are grown.

You have numerous farmers in the State of Florida who grow half an acre or just, say, less than 1.1 acre peanuts. They are not reflected in this total.

Mr. MATTHEWS. They have to plant at least 1 acre to get an allotment?

Mr. MERRILL. Yes, sir. The act excludes both for penalty and for allotment purposes farms where 1 acre or less of peanuts is produced.

Mr. MATTHEWS. In other words, the point I am trying to get at is, the general idea of the total number of peanut producers that might be affected if this legislation is passed to the extent it would deprive them of the opportunity of planting their 1 acre.

Mr. MERRILL. It would not deprive any farmer of planting 1 acre. It would simply deprive those farmers of obtaining allotments that plant over an acre of peanuts without an allotment.

Mr. ABBITT. Would the gentleman yield?

Mr. MATTHEWS. Yes.

Mr. ABBITT. In other words, if a man planted 4 acres without an allotment, in the next year he would come in with a request for an allotment because of his peanuts that he produced?

Mr. MERRILL. That is right. This act, if I may say so——

Mr. ABBITT. The tobacco people have taken care of their problem by similar legislation?

Mr. MERRILL. That is right.

Mr. ABBITT. So that when a man plants 1 acre of tobacco he gets no credit.

Mr. MERRILL. It is rather interesting to know how the law reads on that point and I will read from section 358 (d):

> The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined.

Then it goes on and about one or two sentences down it says:

> Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years.

These farms had no allotment, so it would appear that there is a slight conflict there as to what Congress intended.

Mr. ABBITT. Would you read that last sentence again?

Mr. MERRILL (reading):

> Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years.

Mr. THIGPEN. I might add that if a farm would have peanuts harvested on it, it would not be eligible as a new farm for next year.

Mr. MERRILL. That is right.

Mr. HAGEN. As I understand it, any grower can grow 1 acre of peanuts.

Mr. MERRILL. That is right.

Mr. HAGEN. And that does not classify him as an old farm?

Mr. MERRILL. Yes, sir; it classifies the farm as an old farm.

Mr. HAGEN. Even if he grew less than an acre?

Mr. MERRILL. Yes, sir.

Mr. HAGEN. What do they do with those peanuts? They cannot market them, can they, without penalty?

Mr. MERRILL. Oh, yes, sir. There is a provision which says that the penalty shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less.

Mr. HAGEN. In other words, they can go up to 1 acre without penalty?

Mr. MERRILL. That is right, sir.

Mr. HAGEN. However, if they grow over an acre they pay penalty on the overacreage.

Mr. MERRILL. They pay penalty on everything.

Mr. HAGEN. Is that included in the history of the acreage in the State for peanuts?

Mr. MERRILL. The history of the acreage in the State is not one of the factors that is considered in prorating the national peanut allotment among States. So actually it does not enter into it.

Mr. Thigpen mentioned it briefly in his remarks—that each State each year receives the same percentage of the national allotment that was received the year before so it makes no difference whether the acreage is used in the State or not.

A perfect example of this is in the State of Mississippi. There they received around 8,500 acres last year and actually allotted approximately 300 acres. The rest of that acreage is frozen by the act.

Mr. HAGEN. And they are still in the peanut business to the extent of 8,500 acres?

Mr. MERRILL. That is right, but they could have allotted 8,500 acres and they actually allotted approximately 300 acres so the history of the county and the State does not enter into the establishment of the national allotment or State allotments.

Mr. HAGEN. If the total planting on a farm is 5 acres, is his allotment based on history?

Mr. THIGPEN. That is one of the factors.

Mr. MERRILL. That is one of the factors, but I think we should keep in mind under current legislation the farmer with a 5-acre allotment receives 5 acres history credit regardless of whether he plants.

That is another reason why this problem is of the utmost importance at this time.

In the past we possibly had enough farms going out of the peanut business to take care of these people wanting to come in, but now allotments are frozen on farms through the automatic preservation of history. There is no way for an allotment to disappear.

When a man goes out of the peanut business, the only way the allotment for his farm could be reflected in other allotments would be if the allotment was permanently released. Very few of them do this so the problem is more severe today than it has been in the past.

Mr. HAGEN. And the fellow that planted 5 acres and who got no allotment, on what basis does he get his alloment?

Mr. MERRILL. He gets it on the basis of the sentence in the act which says:

> The Secretary shall provide for the apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined.

Mr. HAGEN. But would he get 5 acres?

Mr. MERRILL. No, sir; he could get 5 acres but the chances are he would not receive 5 acres.

Mr. HAGEN. But the larger the planting, the more acres he would get; is that correct?

Mr. MERRILL. No, sir; because the next sentence says that we could not take the acreage into consideration in establishing the allotment. There are other factors in the act that would be taken into consideration.

Mr. HAGEN. It does say he has to get an allotment?

Mr. MERRILL. Yes.

Mr. HAGEN. For the whole farm?

Mr. MERRILL. But it says that we cannot look at the acreage he planted in establishing the allotment.

Now, the things that we would look at would be, and we will read all of these:

Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage—

and here is a factor that would be important in the case you mention—

land, labor, and equipment available for the production of peanuts; crop rotation practices; and soil and other physical factors affecting the production of peanuts.

These are the factors you take into consideration in establishing an allotment—how much land would he have; would he go out and buy peanut equipment; would he have peanut tenants, and so on.

Mr. HAGEN. But that allotment comes out of what?

Mr. MERRILL. It comes out of the allotment that otherwise would be apportioned among other farmers.

Mr. HAGEN. My knowledge about peanuts is somewhat academic; but we have a similar problem with respect to cotton.

Mr. MERRILL. Well, I do not want to speak for the cotton people because I have absolutely nothing to do with cotton. However, I am slightly familiar with the law. They have an equivalent problem, as I understand it.

Mr. HAGEN. Mr. Chairman, I think there is a similar problem in the rice business.

Mr. GATHINGS. And we had that up in rice a short time ago, if you recall, and tried to rectify it.

I just do not know whether we have a parallel situation in cotton, because of the provision that you just read—that if a farmer planted one time in the past 3 years I believe that the peanut act provides that he would be an old grower; is that right?

Mr. MERRILL. That is right.

Mr. GATHINGS. That situation does not apply to cotton. If you have been growing cotton all along and then only plant once in the past 3 years, you could still get an allotment.

Mr. MERRILL. As I pointed out, Congressman, I am not familiar enough with the cotton situation to answer, but I would like to read a paragraph from the letter that Mr. Matthews introduced, if I may:

Under provisions of existing legislation the production of peanuts on a farm for which an allotment has not been established makes the farm eligible for an allotment as an old farm in the following year. In the case of cotton, the farm is eligible for an allotment the following year if reserve acreage is available to the county for establishing an allotment for such farms. Thus the allotments for farms on which cotton or peanuts have been grown for a number of years are subject to continued reduction to provide acreage for farms which become

eligible for allotments by reason of planting cotton or producing peanuts without an allotment. These reductions have been particularly disruptive in the case of peanuts.

So obviously we have had more trouble than cotton but I think there is a similar problem with cotton.

Mr. GATHINGS. It could arise.

Mr. ABBITT. It looks like the old growers in cotton have a little more protection than the old growers of peanuts.

Mr. MERRILL. Congressman, I think this is a major problem in those States like Texas that receive such large cotton allotments and therefore have tremendous reserves, because it speaks here of "if there is a reserve available," and you heard them speak of that tremendous reserve. I don't know what the allotment is in Texas—5 million or 6 million acres.

Mr. GATHINGS. About 40 percent of the total allotment in the Nation.

Mr. MERRILL. And you could see how with that much acreage you would have a tremendous reserve and the problem would come about.

Mr. THIGPEN. That letter would not have been sent unless the Department felt that there was a problem on cotton and this, of course, was checked with the people in the Cotton Division—the letter was.

Mr. GATHINGS. I would like to have a little more information with respect to cotton from someone in the Cotton Branch because it is highly technical and we would like to know just where the problem is, if it does exist, and what the problem is and to what extent it exists.

Even though it does affect peanuts to a high degree in Florida, I wonder why it is that it is not affecting peanut growers in Virginia.

Mr. ABBITT. It does affect them.

Mr. GATHINGS. But not as much?

Mr. ABBITT. No, but our people are interested in it.

Mr. MERRILL. I think I can answer that question. The growing of peanuts in Florida has spread. At one time, there was a tremendous percentage of the acreage in Florida that was grown in Jackson County. The growing of peanuts has spread into other areas of Florida because the land there is suitable for the production of it and as it spreads, more people come in.

In the State of Virginia you will find, I believe, Congressman Abbitt, that nearly everyone in the so-called peanut area has an allotment of some type, whereas that is not true in Florida.

Mr. ABBITT. Practically every farm in that area—but they have some of the problems.

Mr. MERRILL. They have some of the problems, and I pointed out a while ago that there was a reduction taken there a couple of years ago because of this, but it is more prevalent in areas where just a few farmers have peanut allotments and others are attempting to come in.

Mr. THIGPEN. And in Virginia it is more stable in the peanut production pattern than in Florida.

Mr. GATHINGS. They have been growing peanuts for a longer period of time in Virginia. I do not know much about peanuts and I am anxious to learn.

I just wonder what happens to these little growers. They do get these allotments. Do they plant that allotment in subsequent years? Do they follow through? Do they go into this thing really to establish themselves in the business of growing peanuts?

Mr. MERRILL. In my opinion, no, sir; they do not. You go out and establish an allotment for them. They will plant these peanuts and harvest them and they will think, "The peanut farmer has got a good deal," and so they go in and they grow 5 acres of peanuts.

Now, they do not have the equipment to take care of the peanuts and they have not had the experience in growing peanuts and quite a number of them will decide after 1 year's experience, "It is not quite as good a deal as I thought," so they will not plant them again.

But it takes 3 years during normal times for that allotment to disappear if a man is not using it and under current legislation it is absolutely preserved and charged against other farms.

Mr. GATHINGS. Take the acreage away from the established grower in that county and continue to give that man an allotment for 3 years even though he might not be interested in growing peanuts?

Mr. MERRILL. Well, under the automatic preservation, you see, you cannot take it away from him.

In the past, back in, say, 1951, if this should happen, then several years later, 3 years later he would have automatically gotten out of the peanut allotment business because he had not produced any peanuts during the 3-year period as prescribed by the law.

The perfect example of what you are talking about, I think, is this year in one particular State over 100 farmers who had never grown peanuts decided they wanted to go into the peanut business.

We received a report from that State last week and of the 176 acres—and I believe my figures are correct—of the 176 acres of peanuts that were planted, only 4 acres were harvested.

Mr. MATTHEWS. Mr. Chairman, may I ask a question or two here?

Mr. MCMILLAN. Yes.

Mr. MATTHEWS. Mr. Gathings has pursued a line of questioning that I know all the members of the subcommittee are especially interested in, and I would like to pursue it for just a minute or two more.

I think what he brought out is our concern naturally about hurting the little farmer; and my colleagues on the committee know—and I know I speak for you gentlemen, too—that I certainly do not want to do anything to hurt the little farmer; and even at this late date, if I thought that it would, I would not press for the passage of this bill.

Is it your understanding, Mr. Merrill, that if this legislation is passed a man could still plant his 1 acre of peanuts without any allotment?

Mr. MERRILL. That is absolutely right.

Mr. MATTHEWS. And most of your little farmers would probably be interested in just that aspect of it. They would want to plant 1 acre of peanuts and most of them would not be concerned, as I see it, about going into peanut production on a larger scale. Do you think that is a true statement, Mr. Merrill?

Mr. MERRILL. Yes, sir; in my opinion it is true.

Mr. MATTHEWS. Now, if this legislation were passed, a farmer who had not produced peanuts before could qualify, but only on the basis of a new farm?

Mr. MERRILL. That is right.

Mr. MATTHEWS. The one basic difference in the present situation and what the situation would be if this legislation were passed is that he could not qualify for an allotment purely on the basis of having planted it the year before?

Mr. MERRILL. That is right; he could not qualify for an old-farm allotment purely on the basis of growing excess acreage.

Mr. GATHINGS. And the burden would be on him to go to the committee and ask that committee to intercede for him and probably to the State to get a new-farm allotment?

Mr. MERRILL. That is right. And I might point out here that Mr. Matthews introduced, along with Congressman Cramer, of Florida, legislation last year that excluded the production of green peanuts from the act. That legislation did far more to help the small farmer in his area that had not grown peanuts than anything of this nature would hinder him.

Mr. MATTHEWS. You still would not have any idea in Florida, say, of this six-thousand-odd growers, as to the number that might be affected, let us say, in that they could not qualify for a new allotment purely on that basis?

Mr. MERRILL. Well, Congressman, let me point out that of the 6,400 farms—that is farms, not peanut growers—you will have approximately 1½ to 1¾ growers per farm throughout the Nation, maybe higher or lower than that in Florida—I am not sufficiently acquainted with the tenant situation there, but the farms that you are speaking of will be farms over and above this 6,400 and in the past those that have received allotments on the basis of excess acreage are included, but there would be a number over and above this.

Now, that number will be relatively small because, as you pointed out earlier, most of the farmers that are not equipped to grow peanuts are satisfied to grow only 1 acre.

So I think that the number in your State that this would affect in the future would be relatively small.

Mr. HAGEN. Are any new-farm allotments being granted in peanuts?

Mr. MERRILL. Yes, sir; and I am happy that you asked me that question.

This year there were approximately 4,000 acres of peanuts that were made available to be apportioned to so-called new farms. That is the farms on which peanuts were not produced in the 3-year period before the year for which the allotment is being established.

There were insufficient persons or farms eligible to receive the entire acreage. Therefore the Department had approximately 950 acres that were not used for new farms after we had established allotments that we considered equitable for all of the eligible farms. The 950 acres which were left over were prorated back to the States on the same basis as the original apportionment was made and it is constantly being used in the States to make adjustments; so we actually held back from the national allotment more acreage for new farms than was needed. The same was true last year.

Mr. HAGEN. The new-farm allotment comes directly through the Secretary of Agriculture without regard to States' lines?

Mr. MERRILL. No, the new-farm reserve is held by the Secretary of Agriculture and he determined the acreage not to exceed 1 percent of the national allotment which is the maximum under the law that should be held back for new farms.

The farmers who are interested in obtaining new-farm allotments for their farms go to the county ASC office and fill out an application which is nothing more than a questionnaire. He is asked what acre-

age he thinks he should receive, what equipment he has, what experience he has had, and what labor and that kind of thing.

Applications are forwarded to the State offices after the county has reviewed them. The State office reviews them and forwards the total recommended allotments to the Secretary of Agriculture. The Secretary determines how much is needed, and by simply subtracting this acreage from the reserve he determines how much acreage is left over.

Mr. MATTHEWS. Will the gentleman yield?

Mr. HAGEN. Yes.

Mr. MATTHEWS. In other words, according to the experience we had this last year, a man that wanted to qualify in the State for a new peanut acreage allotment had a pretty good chance to qualify.

Mr. MERRILL. A man whose farm is qualified, who met the eligibility requirements, did receive an allotment.

Mr. MATTHEWS. In other words, the important thing in connection with this legislation on the basis of that information seems to be that we could cause no damage to anybody.

Mr. MERRILL. To show you how that law enters into new farm allotments, prior to this year the Secretary always held out one-half of 1 percent of the national allotment which amounts, I think, to 8,040 acres. We held out 8,040 last year and several thousand—I don't remember the exact figure but better than 3,000 acres of that was not used for new farms.

So this year the Secretary decided, "Instead of holding out one-half of 1 percent I will hold out one-quarter of 1 percent," which is the four-thousand-odd acres we are speaking of and of that 4,000, approximately 950 acres were not used for new farms.

Mr. HAGEN. Can those acres go to any State?

Mr. MERRILL. Yes, sir; there is no restriction in the new growers' section of the act that says it must go into just so-called old-line peanut-producing States.

Mr. HAGEN. Well, actually, this last phrase in the bill on page 2 would seem to—I don't know how much his past experience counts in getting a new farm allotment but I understand you to say that he can grow peanuts illegally without an allotment?

Mr. MERRILL. That is right.

Mr. HAGEN. Are you not in effect precluding him from getting a new farm allotment by that language?

Mr. MERRILL. Not necessarily; no, sir. We are saying here, "If you go out and grow peanuts purely on excess acreage over and above 1 acre, you have added to the surplus and that experience will not count. If you want to get experience in growing peanuts you go out on someone else's farm and work for him and get 2 years' experience and come back onto your home place and make an application for an allotment. You have not added to the surplus and under this bill that experience does count."

Mr. HAGEN. And he could get it by growing 1 acre or less?

Mr. MERRILL. No, sir.

Mr. HAGEN. He has to work for somebody else?

Mr. MERRILL. He could get someone with experience from another farm to work for him and the farm would be eligible for an allotment. The owner of the farm does not have to have experience in growing peanuts.

Mr. HAGEN. Who gets the allotment, the owner or the tenant?

Mr. MERRILL. The peanut allotment is established for the farm, not the individual.

Mr. HAGEN. For the land?

Mr. MERRILL. Yes, sir; and it goes with the land. If the land is sold the peanut allotment goes with that land.

Mr. HAGEN. So the tenant never owns anything?

Mr. MERRILL. He never owns the allotment.

Mr. SMITH. Mr. Chairman, may I ask a question?

Mr. MCMILLAN. Yes.

Mr. SMITH. What is the penalty for a peanut grower that exceeds his allotment?

Mr. MERRILL. Seventy-five percent of the basic rate of the price-support loan.

Mr. SMITH. Suppose this man exceeds his allotment. What happens to him on his soil bank allotment? Does he have to comply with that?

Mr. MERRILL. I do not want to answer for the soil bank group, but my understanding is that the answer to your question is "Yes"; he must comply with all of the acreage allotments on his farm in order to become eligible for soil bank payments.

Mr. SMITH. Is he in the same situation as the corn grower with respect to complying with the current allotment and going into anything he wants?

Mr. MERRILL. I am not qualified to speak on the corn farming in the Middle West or of the soil bank.

Mr. SMITH. I should like to know the situation in peanuts with respect to the soil bank, whether he has to comply or not, and whether it is comparable to corn, whether he can overplant any time he wants and is there no penalty?

Mr. GATHINGS. I might say for the gentleman from Kansas that I assume at 12 o'clock today we will take that same point up—the situation with respect to the bill introduced by the chairman, Mr. McMillan, concerning the 38 counties that have gone into the commercial Corn Belt for the first time in 1957. Those farmers in those counties have to comply with respect to the corn acreage allotment as well as the peanut and the cotton and the wheat allotments in order to be eligible to receive the acreage reserve payment for 1958. This legislation introduced by Mr. McMillan says that when they had come in, the 38 counties, for the first time, if they did not receive adequate notice—there was notice, but there was not sufficient notice to the farmers—that they then should not be deprived of their payments, since they have signed up and want to go into the soil bank acreage reserve for 1958. That legislation was approved by both Houses—the Senate provision applied only to the conservation reserve but the House bill that Mr. McMillan introduced applies as well to the acreage reserve and so the Senate did concede to the House provision and the conference report I think will be brought up, probably today.

Mr. MCMILLAN. Off the record.

(Discussion off the record.)

Mr. ABBITT. May I ask a question or two of the witness?

Mr. MCMILLAN. Yes.

Mr. ABBITT. It is hard for me to remember these sections and I want to be informed, if we do have some trouble when the peanut

legislation gets on the floor, I want all of the facts and figures about peanuts, their effect on our economy and so forth.

Now, what is this section 358 referred to on page 2 of the bill?

Mr. MERRILL. Section 358 is the section governing the referendum on peanuts when the farmers vote. That is section 358 (a).

Section 358 (b) establishes the date and so forth by which the Secretary must set his national allotment, national quota.

Section 358 (c) says how the national acreage allotment will be apportioned to the States, and then it goes on into some other things there. You have the so-called short-supply determination and so forth.

Mr. ABBITT. Does it have anything whatever to do with saying what crops are basic?

Mr. MERRILL. No, sir.

Mr. ABBITT. Do you have a section that does?

Mr. MERRILL. I think, Congressman, that is in the price-support legislation.

Mr. ABBITT. I just want to be sure when we get on the floor.

Mr. MERRILL. I believe it is the same problem that you faced on the green-peanut legislation.

Mr. ABBITT. That is right; and was this the same section of the bill in that act?

Mr. MERRILL. I am sorry, I have forgotten just exactly which section that went in.

Mr. ABBITT. I wonder if you would check and let us know.

Mr. MERRILL. I will, but it is the same part, may I say that, we are talking about here. It would be section 358 or 359 and would be a part.

Mr. ABBITT. It has nothing whatever to do with the basics?

Mr. MERRILL. No, sir.

Mr. ABBITT. The other phase of the question I want to ask, some of our people have complained some about people producing peanuts on a farm that has no allotment and one man works many different places. Do you know anything about that problem?

Mr. MERRILL. Yes, sir; that is a problem and one that Mr. Matthews is concerned with——

Mr. ABBITT. I don't know whether I made it plain to you or not, but in some areas one operator will plant an acre or less in peanuts and he will do that on a number of different farms and so while he had no allotment, he was still marketing them and paying no penalty. I have had a little complaint about that.

Mr. MERRILL. Here is the situation as I understand it: Let us assume that I have a farm with a 25-acre peanut allotment. Now, that is sufficient acreage for me to own my own equipment, my picker, and so forth.

Now, I find out under this law that I can grow 1 acre of peanuts on any given number of farms. So I find several farms that do not have peanut allotments and make arrangements with the owners to let me produce 1 acre of peanuts on each of these farms. You must keep in mind that I have the equipment and everything to grow peanuts with, and so I turn around and plant 1 acre of peanuts on each of these farms.

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These are separate farms and they are carried on separate numbers in the county ASC office and up to now the lawyers have said that we could not combine these farms and charge the acreage back against the allotment of the home place.

So, if I rented five of these pieces of land and if I grew 25 acres on the home place, then I have actually grown 30 acres of peanuts and yet I can market all of the 30 acres and never pay any penalty and be eligible for support. I think that is the problem.

Mr. HAGEN. He cannot get any support on those peanuts that he grows on that 1 acre?

Mr. MERRILL. Yes, sir. And the way it works out in effect it is the same as if he grew 30 acres on his home place.

Mr. MATTHEWS. Of course, this legislation has nothing to do with that but that is another problem.

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. GATHINGS. Mr. Chairman.

Mr. MCMILLAN. Mr. Gathings.

Mr. GATHINGS. This bill includes cotton and I know that there are members of this committee, including the chairman of this subcommittee, who are vitally interested in cotton, too. I would like to look into this a little further because we do not have all of the facts with respect to cotton and we ought to have them and we ought to build up a record on cotton.

Mr. MCMILLAN. I agree with your suggestion that you should have a hearing on the cotton section of the bill.

Mr. MATTHEWS. Off the record.

(Discussion off the record.)

Mr. MATTHEWS. Mr. Chairman, I would like to thank Mr. Thigpen and Mr. Merrill very much for giving us this information and for their excellent cooperation.

I would like to include my prepared statement at this time, if I may, for the record.

Mr. MCMILLAN. Without objection.

(Statement referred to is as follows:)

TESTIMONY OF HON. D. R. (BILLY) MATTHEWS, A REPRESENTATIVE IN CONGRESS FROM THE EIGHTH DISTRICT OF FLORIDA

Mr. Chairman, this past fall when I was in Florida I heard several complaints from farmers regarding farm peanut acreage allotments. These farmers could not understand why, when the State of Florida receives the same acreage of peanuts to allot each year (approximately 54,000), the peanut allotments for their individual farms are being reduced each year.

On the basis of these complaints, I investigated the matter and found that the fault does not lie in the administration of the peanut program, but in the Agricultural Adjustment Act of 1938, as amended, which requires that peanut allotments be established for all farms on which more than 1 acre of peanuts was produced in any one of the 3 years immediately prior to the year for which allotments are being established.

It appears that a large number of farmers in Florida are producing peanuts without an allotment. Under the act as it now stands, the State and county ASC committees have no choice but to establish peanut allotments for these farms. For that reason, the allotments for the farms operated by established peanut farmers are being reduced each year.

Legislation I introduced was enacted last year which excluded the production of green peanuts for boiling purposes from the penalty provisions of the act. Therefore, if farmers who have not been growing peanuts in the past want to

engage in the production of peanuts, they could produce green peanuts without affecting allotments for the established growers.

In the area which I represent in the State of Florida, farm acreage allotments are established for tobacco, peanuts, and cotton. Current legislation, section 313 (j) of the Agricultural Adjustment Act of 1938, as amended, provides that "the production of tobacco on a farm in 1955 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm * * *: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment * * *, but such production shall not be deemed past tobacco experience for any producer on the farm."

Briefly, the purpose of H. R. 11098 is to provide that excess acreage for 1957 and subsequent years in the case of cotton and peanuts shall not qualify any farm as an old farm.

I realize that 1958 allotments for both cotton and peanuts will have been established prior to the enactment of this legislation, if it should be enacted. However, I understand that the erroneous notice of allotment provisions would protect farmers whose 1958 allotments were established purely on the basis of excess acreage. I further understand that these allotments would then be canceled for 1959. I surely hope this distinguished committee will approve H. R. 11098.

Mr. McMillan. Any further questions?

Mr. Smith. Yes. Would you gentlemen from the Department please explain to me what you mean by "grain peanuts"? I should like to have you explain that for my own personal information and education—what you mean by "grain peanuts." Where do those grain peanuts fit into our economy?

Mr. Merrill. We were speaking of green peanuts, Congressman. I do not know whether that is a technically correct name or not, it is just what the peanut has come to be known by.

In certain sections of the country and to a small degree in all of the peanut areas a small acreage of peanuts will be dug prior to the completion of maturity of the peanuts, maybe a week or two prior to the time of the normally harvested crop.

Now, when a peanut is dug it contains a very high percentage of moisture. A green peanut is a peanut that is separated from the vine by hand and is consumed without removal of any moisture either through artificial or natural means.

Mr. Abbitt. Somewhat similar to roasting ears of corn, before they are mature?

Mr. Thigpen. That is a good comparison.

Mr. Smith. Oh, pardon me, I thought you said "grain peanuts."

Mr. Merrill. I am sorry, that could be my southern accent. I am from Alabama.

Mr. Smith. Well, what I wanted to know was where do they go; do they go to hog feed?

Mr. Merrill. No, sir; they sell them on the street corners and they can them.

Mr. Smith. Thank you.

Mr. McMillan. Anything further?

Mr. Hagen. I want to ask a question. You say there is a minimum acreage for peanuts?

Mr. Merrill. Yes, sir.

Mr. Hagen. Set by law. Now, you have the minimum even though you constantly have a surplus?

Mr. Merrill. Yes, sir.

Mr. HAGEN. So that actually, the allotments being frozen, the underplanting is, you might say, sort of a godsend; is that correct?

Mr. MERRILL. Well, I would not refer to it in the same language as you would, sir.

Mr. HAGEN. I mean, your surplus would be larger if there was a complete planting?

Mr. THIGPEN. That is true, but——

Mr. MERRILL. Excuse me, it is terribly difficult in the case of peanuts with varying yields and with varying weather conditions to ever make the thing come out right on the nose. In order to assure an adequate supply of peanuts I think that you are always going to have to grow a few hundred or a few thousand acres more than just the yield figures will indicate you have to produce. Otherwise in numerous years you will find that you are in short supply.

Mr. THIGPEN. The peanut yield varies rather widely and it is not uncommon for yields to be 10 or 12 percent below the average and since peanuts are not storable readily or are not carried over a period of years readily, almost inevitably you must have some surplus to assure having an adequate supply from a new crop every year.

Mr. HAGEN. Is it supported by loans or purchases?

Mr. THIGPEN. By loans primarily; very limited purchase agreements.

Mr. HAGEN. What happens to the portion that the Government gets?

Mr. THIGPEN. They are either crushed into oil and meal or exported. They are sold on a competitive bid basis. They have a good use in that sense. That is in export or for domestic crushing.

Mr. HAGEN. You cannot sell them domestically for less than 105 percent of parity?

Mr. THIGPEN. Oh, yes; we can sell them for crushing for oil and meal, for their value for that purpose.

Mr. HAGEN. But if they are edible peanuts you cannot?

Mr. THIGPEN. That is correct.

Mr. HAGEN. And you sell at discount abroad, do you?

Mr. THIGPEN. Yes. Most of them are crushed for oil and meal in this country.

Mr. HAGEN. What is the meal used for?

Mr. THIGPEN. Livestock feed.

Mr. MCMILLAN. Any further questions?

(No response.)

Mr. MCMILLAN. Thank you very much, gentlemen. The subcommittee stands adjourned until further notice.

(Whereupon, at 11:40 a. m., the hearing in the above entitled matter was adjourned.)

PEANUT ACREAGE ALLOTMENT

THURSDAY, MAY 15, 1958

HOUSE OF REPRESENTATIVES,
COMMODITY SUBCOMMITTEE ON PEANUTS
OF THE COMMITTTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to notice, at 10:20 a. m., in room 1308, New House Office Building, Hon. John L. McMillan (chairman of the subcommittee) presiding.

Present: Representatives McMillan, Grant, Abbitt, and Harrison.

Also present: Representative Matthews; Mabel C. Downey, clerk.

Mr. MCMILLAN. The subcommittee will come to order.

We have this morning H. R. 12224 up for consideration.

(H. R. 12224 is as follows:)

[H. R. 12224, 85th Cong., 2d sess.]

A BILL To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended to read as follows:

"The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

Mr. MCMILLAN. I believe that our members will remember that we had this bill up previously and decided to wait until we could get a clean bill before us before we made any definite decision; is that not correct?

Mr. MATTHEWS. Yes, sir.

Mr. MCMILLAN. We have Mr. Miller, Administrator for CCC, with us this morning.

Would you care to make a statement at this time on this bill?

STATEMENT OF CLARENCE L. MILLER, ASSOCIATE ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY J. E. THIGPEN, DIRECTOR OF OILS AND PEANUT DIVISION, COMMODITY STABILIZATION SERVICE, USDA; JAMES W. MERRILL, CHIEF, PRODUCTION PROGRAM BRANCH, OILS AND PEANUT DIVISION, CSS; W. K. SCHOONOVER, ATTORNEY, OFFICE OF THE GENERAL COUNSEL, USDA; AND RICHARD B. BRIDGFORTH, ASSISTANT DEPUTY ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, USDA

Mr. MILLER. Yes, sir.

Mr. Chairman, we have a short prepared statement of one and a half pages.

Allow me to introduce to you those who are with me [introduces associates].

Mr. MILLER. I will read this brief statement and then these other gentlemen and I will fill in with the technical aspects and answers to any questions that you may have to ask.

Mr. MCMILLAN. All right; you may proceed.

Mr. MILLER. Mr. Chairman, in response to a request from Congressman Matthews, of Florida, the Department has previously taken the position of favoring enactment of the amendment to section 358 of the act as proposed in H. R. 12224.

This legislation, if enacted, would strengthen allotment and marketing quota provisions relative to peanuts. It would prevent additional farms from qualifying as "old farms" by producing excess peanuts and, thus, would prevent continued reduction in the farm allotments for established peanut producers.

I understand that a prior hearing on this proposal has been conducted by this committee and that representatives of the Oils and Peanut Division, CSS, testified in favor of its enactment.

Our position remains unchanged: We favor enactment of the proposed amendment to section 358.

Section 2 of H. R. 12224 proposes a complete revision of section 359 (b) of the act.

This is the section which has provided the so-called 1-acre exemption from the provisions of allotments and marketing quotas. Under this section 1 acre or less of peanuts may be produced and marketed without an allotment and without incurring marketing quota penalties.

The revision of this section would provide that the 1-acre exemption would apply only to those farms on which the producers interested in peanuts do not share in peanuts produced on any other farm.

Enactment of this revised section would prevent farm operators from leasing numerous small tracts for the purpose of producing 1 acre or less of peanuts on each tract. It would also prevent a farm operator from utilizing his full allotment for commercial purposes and producing peanuts on another farm under the 1-acre exemption to be used for seed purposes the next year.

In some instances, particularly in areas where high yields of peanuts are obtained, there has been some abuse of the provisions of sec-

tion 359 (b) of the act as it now stands. The problem has been one which could not be corrected through administrative action alone.

We feel that the proposed revision of section 359 (b) is needed, and we favor its enactment. However, since peanuts have already been planted for harvest for the 1958 crop, we recommend that this provision be made applicable in connection with the 1959 and subsequent crops of peanuts.

Mr. McMillan. Any questions anyone care to ask of Mr. Miller?

(No response.)

Mr. McMillan. I believe that Mr. Thigpen and Mr. Merrill, who appeared before this committee on the previous discussion of this bill, have just about answered most of the questions that the members had wanted to ask on this proposed legislation.

Are there any further questions?

Mr. Grant. I would like, with your permission, Mr. Chairman, if I may, to ask a question.

Mr. McMillan. Yes.

Mr. Grant.

Mr. Grant. Do you contemplate that this legislation would increase the acreage in planted peanuts any appreciable amount?

Mr. Thigpen. Mr. Congressman, I believe that the tendency would be to decrease it just slightly; otherwise, it would have no effect.

Mr. Miller. This is just about the same type of legislation in its effect that Congressman Abbitt will recall was passed in regard to tobacco about a year ago.

Mr. Abbitt. That is right.

Mr. Miller. We intend to take similar measures as we took then.

While the Department does not look with too much favor upon restrictions on production, we feel that just so long as we have a marketing quota program, that the noncooperators should not be rewarded as against the cooperators in the program. We feel that we are forced by present legislation to do that very thing.

Mr. Abbitt. Is it not true that the operation under section 359 (b) would cause a reduction in our peanut allotment except for the fact that we have already hit the minimum allotment?

Mr. Miller. Yes; it would have a tendency to overproduce if it were not for that.

Mr. Abbitt. And it is a protection, more or less, for the cooperators and people that have allotments?

Mr. Miller. We feel that is the effect.

Mr. Abbitt. Let me ask you this further question: Does section 359 (b) have anything to do with the basic commodities?

Mr. Merrill. No, sir.

Mr. Abbitt. Off the record.

(Discussion off the record.)

Mr. Abbitt. Back on the record.

My understanding is that section 359 (b) and section 358 do not have anything to do with any of the basic commodities?

Mr. Miller. No, sir; I do not think so.

Mr. Abbitt. Off the record again, please.

(Discussion off the record.)

Mr. McMillan. Are there any further questions?

Mr. Matthews. Mr. Chairman, may I ask this question of Mr. Miller?

Am I right in assuming that if this measure were passed, that it would have a tendency to keep the established peanut producers from having their allotments further decreased?

Mr. MILLER. Yes, sir; that is the prime purpose.

Mr. MATTHEWS. In other words, what this bill is intended to do, as I see it, is to protect the established peanut producer and to keep him from losing further allotments in the future because of these people who plant less than 1 acre or who plant peanuts and get a historical basis for an allotment purely on the basis of that planting?

Mr. MILLER. That is correct, Congressman Matthews.

We feel that the producers of peanuts, if by their referendum they accept this type of a program and if they abide by its provisions, that they can limit the acres that they plant, and we feel that they will, for the reason of protecting their price and we also feel that if they are willing to do so, that it is not exactly fair to them to reward the persons who do not cooperate under this type of a program by giving them additional acres or credit for overplanting.

Of course, as Congressman Abbitt said a moment ago—that all of this credit for overplanting by the noncompliers must be taken away from the total overall allotments of all growers.

Mr. MATTHEWS. And if this bill were passed, it would still permit a man to plant his 1 acre?

Mr. MILLER. Yes, sir.

Mr. MATTHEWS. And then, of course, the Department favored the bill that we passed last year, which would enable a man to plant as many peanuts for boiling purposes as he wanted to.

Mr. MILLER. That is right.

Mr. MATTHEW. The thing we are interested in is that we do not want to pass any measure which we feel might be unfair to a peanut farmer.

My feeling is that this would tend to protect the established peanut farmer and tend in the future to enable him to keep his allotments a little bit better if this bill were passed.

Mr. Chairman, Mr. Grant is from a great peanut section, and I am particularly interested for him to have all the information he needs about it, and perhaps he would like to make a statement.

Mr. MCMILLAN. Yes. And if anyone from his area or other States would like to testify or to submit a statement on this bill, we would be glad to have such expressions.

Off the record.

(Discussion off the record.)

Mr. BRIDGFORTH. May I make a comment, Mr. Chairman?

Mr. MCMILLAN. Yes.

Mr. ABBITT. Let me interject briefly:

I might say this about Mr. Bridgforth, that not only is he from Virginia but from my own district, and he is one of the finest men that I know. He is an able scholar and a Christian gentleman, and he knows this agricultural program from end to end, as far as Virginia is concerned. I have high confidence in his ability and integrity.

Mr. MCMILLAN. You may make any statement you wish, Mr. Bridgforth.

Mr. BRIDGFORTH. Thank you, Mr. Chairman; and thank you, indeed, Mr. Abbitt.

North Carolina and Virginia both have a problem in regard to the 1-acre provision.

I am inclined to agree with Mr. Thigpen that Mr. Suggs would highly favor this bill on account of both provisions of the bill.

Mr. ABBITT. You might explain just for the record, if you will, just how some of them operate under this 1-acre thing.

Mr. BRIDGFORTH. Well, as you know, the law now provides that any farmer may produce 1 acre of peanuts on his farm; that is, on a farm that has no peanut allotment.

So, it is quite common for a grower of peanuts to produce 1 acre on a number of farms, 1 acre to the farm, growing on farms surrounding his farm for seed purposes and for sale purposes, too.

I think that this provision will cut out a lot of the abuses in the country that I know best, which is the Carolinas and Virginia, where we are having quite a problem. As you know, that area which is a high producing area, an acre of peanuts is worth something.

I understand from our people that it is abused to a great extent and that they would be highly in favor of this bill.

Mr. MCMILLAN. Has anyone talked with the Georgia peanut growers?

Do you know that this bill meets with the approval of the representatives from Georgia, Mr. Matthews?

Mr. MATTHEWS. No, I do not, Mr. Chairman.

Mr. MCMILLAN. Or whether their representatives have been advised of the contents of this bill?

The CLERK. Yes, Mr. Chairman.

Mr. Forester's secretary called this morning to get a copy of the bill, so that he would have information concerning this meeting.

Mr. GRANT. Let me ask this question, Mr. Chairman:

Mr. Bridgforth just stated that in Virginia this is abused quite a great deal, and I assume that if there have been abuses, such abuses would have had to have been committed by the peanut growers themselves; and, therefore, am I correct in assuming that a lot of the peanut growers would rather just leave it the way it is?

Mr. BRIDGFORTH. Congressman, you understand they are going by the present legislation.

Mr. GRANT. Yes.

Mr. BRIDGFORTH. And therefore, as a consequence, they are within their rights and within the law.

A lot of people feel when they are within their rights and the law that they are not abusing anybody; so I probably used the wrong word.

Mr. GRANT. What I was getting at is that there would be a good many of them who would not like this legislation.

Mr. THIGPEN. I think there would be very few, Congressman, and I would expect that you would have trouble finding 1 or 2 percent that actually take advantage of the present provisions of the law.

Mr. ABBITT. As I understand the practice, it is this:

That there would be a lot of these city lots—if you want to call them that—small places of 1 acre or so adjoining or close to the peanut grower's farm, and he would be perhaps the one man in that whole neighborhood that would be doing this, and he would go to a neighbor and say: "John, if you let me plant your 1 acre, I will give you $10 or $20."

And then he would go to the next man and say: "Listen, I would like to plant an acre of peanuts on your farm."

There would probably be just 1 man in that community, and that would not affect but a small portion, but it does add to the surplus in that area, and the man that does not do that does not like it very well; and I understand that there are more that do not follow that practice than there are that do.

Mr. THIGPEN. Just as a comment: From having spoken to those in different areas, I do not know of anyone, in any area, who would oppose this from that standpoint.

Mr. MERRILL. May I make an observation?

Mr. MCMILLAN. Yes, you may.

Mr. MERRILL. We held a peanut meeting in Atlanta, Ga., Thursday and Friday of last week, and we passed out copies of this bill to all the people present.

Present at the meeting from Georgia—Mr. McMillan, I believe you asked about Georgia—was the chairman of the State ASC committee, the administrative officer in the State, 2 county office managers, and 2 administrative people out of the State office.

We also had representatives of the ASC organizations from each of the peanut States.

Mr. MCMILLAN. Was Mr. Pace present?

Mr. MERRILL. Mr. Pace was not present.

Mr. MATTHEWS. How about the producers?

Did you have any of those there?

Mr. MERRILL. Some of the county office managers were, more than likely producers. No one at the meeting stated any objection whatsoever to the bill.

In fact, everyone there recommended its enactment.

Mr. MATTHEWS. Mr. Chairman, the committee will recall that after our previous meeting, Mr. Abbitt presented the problem that is embodied in section 2 of the bill.

Mr. MCMILLAN. Yes. I remember it was the thinking of the committee it would be wise to introduce a clean bill.

Mr. MATTHEWS. Yes, sir; and the chairman will also remember that in the original bill we had a reference to cotton, and it was at the request of the committee that we eliminated cotton from it.

Mr. MCMILLAN. Yes.

Mr. ABBITT. I would like to ask Mr. Miller or whoever might want to respond if you think this language on page 2, at line 17, will answer their suggestions: If you add to line 17, after the word "period", "this section shall not be applicable to the 1958 crop."

Would that take care of what you have in mind?

Mr. MILLER. I thought we had that covered.

Mr. SCHOONOVER. No; it is not covered.

Mr. MILLER. We recommend this provision be made applicable to that.

Mr. ABBITT. Well, my question was, Will this suggested language take care of that?

Mr. MILLER. I believe so; yes.

Mr. ABBITT. That is: "This section shall not be applicable to the 1958 crop."

Mr. SCHOONOVER. I suggest that perhaps it be made applicable to the 1959 or subsequent crops.

Mr. ABBITT. What would you like to say? What language?

Mr. SCHOONOVER. Well, let me see. I would suggest, "is amended effective beginning with the 1959 crop."

That would be, at line 5 I would insert after the second "amended" on that line, so as to read: "amended effective with the 1959 crop."

Mr. ABBITT. That would be on line 5, after the second time the word "amended" appears?

Mr. SCHOONOVER. Yes; "beginning with the 1959 crop."

Mr. MATTHEWS. Off the record.

(Discussion off the record.)

Mr. SCHOONOVER. The language as suggested would be: "effective beginning with the 1959 crop"—and that would be set off by commas.

Mr. ABBITT. A comma after "crop" and a comma after "amended."

Mr. MATTHEWS. How would that affect the language on line 6 on page 1?

Mr. MERRILL. That will not affect it at all.

Mr. MATTHEWS. I see.

Mr. ABBITT. Some people have their peanuts already planted, I assume.

Mr. MILLER. Yes; and that is the reason we made that statement. Peanuts have been planted.

Mr. ABBITT. And we would not want this to affect those already planted.

Mr. MCMILLAN. Any further questions from anyone?

Mr. ABBITT. Off the record.

(Discussion off the record.)

Mr. MCMILLAN. Since, apparently, there are no further questions, the subcommittee will go into executive session.

(Without objection by the chairman the following telegram is inserted in the record:)

ROCKY MOUNT, N. C., *May 19, 1958.*

Hon. JOHN MCMILLAN,
Chairman, Peanut Subcommittee,
House Office Building, Washington, D. C.

We favor H. R. 12224 except section 2 should not apply until 1959 crop.

JOE S. SUGG,
Executive Secretary, North Carolina Peanut Growers Association.

(Whereupon, at 10:40 a. m., the committee retired into executive session.)

PEANUT PRICE SUPPORT PROVISION

TUESDAY, MAY 27, 1958

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
PEANUT SUBCOMMITTEE,
Washington, D. C.

The subcommittee met in room 1310, New House Office Building, Washington, D. C., at 10 a. m., the Honorable John J. McMillan (chairman of the subcommittee) presiding.

Mr. MCMILLAN. The committee will come to order. The committee has under consideration this morning H. R. 12566 and H. R. 12545.

(The bills referred to follow:)

[H. R. 12566, 85th Cong., 2d sess.]

A BILL To amend the peanut marketing quota and price support provision of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of Ameriea in Congress assembled, That section 301, subsection (b), of the Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(a) Paragraph (10), subparagraph (A), is amended by striking out in the second sentence the language "15 per centum in the case of peanuts" and inserting in lieu thereof the language "25 per centum in the case of peanuts".

(b) Paragraph (16), subparagraph (A), is amended by changing the period at the end thereof to a colon and adding the following proviso: "*Provided*, That, for purposes of determining the supply of peanuts and calculating the supply percentage, only peanuts carried commercially shall be considered."

SEC. 2. Section 358 of the Agricultural adjustment Act of 1938, as amended, is amended (a) by inserting in the first sentence of subsection (a) immediately following the words "prospective demand conditions" the language "so as to provide, together with the carryover of peanuts for 105 per centum of a normal supply of peanuts", (b) by changing the proviso in subsection (a) to read as follows: "*Provided*, That the national marketing quota for the crop of peanuts produced in any calendar year shall be a quantity of peanuts sufficient to provide a minimum national acreage allotment of not less than the larger of 95 per centum of the national acreage allotment for the preceding year or one million five hundred and twenty-nine thousand five hundred acres".

SEC. 3. The Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a new title V as follows:

"TITLE V—PEANUT FUND FOR SURPLUS DIVERSION, PUBLICITY, PROMOTION, AND OTHER PURPOSES

"SEC. 395. (a) The Secretary shall, not later than December 15 of each calendar year, conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of, or are opposed to, the establishment with respect to the crops of peanuts which are produced in the three calendar years immediately following the year in which the referendum is held, and for which marketing quotas for peanuts are in effect, of a fund for the purposes of (1) defraying the net losses sustained by the Commodity Credit Corporation in disposing of peanuts acquired under its price support program; (2) providing payments to shellers

for marketing or otherwise disposing for feed, or for crushing into oil and meal, or for export, any shelled peanuts of lower grades specified by the Secretary with regard to which use limitations are established by the Secretary pursuant to subsection (d) hereof; (3) providing payments to peanut grower cooperative associations which contact directly with the Commodity Credit Corporation in making price support available to producers for any administrative expenses, incurred by such associations in connection with peanut price support activities, which are in excess of the net income derived by such associations through price support activities; and (4) developing and conducting publicity, promotion, and other programs designed to increase the consumption of peanuts and the products thereof: *Provided*, That if, beginning with the calendar year immediately following the year in which the referendum is held, fewer than three years remain of the period for which marketing quotas have been approved by farmers, any fund approved by farmers shall be established only with respect to the crops of peanuts produced in each of the calendar years which remain of the period for which marketing quotas have been approved: *Provided further*, That, if as many as two-thirds of the farmers voting in any referendum vote in favor of the establishment of such fund, no referendum shall be held with respect to such fund during the years which remain of the period for which the fund is established. No fund shall be established for any calendar year during which marketing quotas are not in effect. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held.

"(b) Payment shall be made into any fund established pursuant to this section by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the payment shall be made by such agent, and such person or agent may deduct an amount equivalent to the payment from the price paid to the producer: *Provided*, That no payment shall be made into the fund with respect to the crop of peanuts produced in any calendar year during which marketing quotas are not in effect. If the person required to collect such payment fails to collect such payment, such person and all persons entitled to share in the peanuts marketed from the farm, or the proceeds thereof, shall be jointly and severally liable for the amount of the payment.

"The amount of any payment made into the fund for the crop of peanuts produced in the first calendar year for which this program is in effect shall not exceed 10 per centum of the national average per ton level of price support for the crop of peanuts produced during such calendar year, as determined by the Secretary in accordance with section 101 (a) of the Agricultural Act of 1949, as amended, and not in excess of 5 per centum any year thereafter.

"(c) The Secretary is authorized to designate a person or agency to receive any payments made into the fund established pursuant to this section and the Secretary or his designee shall receive such payments and shall make expenditures from such fund for the purposes of this section.

"(d) The Secretary shall appoint from time to time a peanut advisory committee of twelve members consisting of two representatives of peanut producers from each of the major peanut producing areas (Virginia-Carolina, Southeast, and Southwest), three shellers, one from each area, and three manufacturers of processed peanuts and peanut products, to make recommendations to the Secretary or his designee with respect to (1) limitations upon the quantities of lower grade shelled peanuts, by types and grades; and (2) the amount of expenditures to be made, and the manner in which such expenditures shall be made for the purpose of subsection (a) (4) hereof, during any calendar year. The compensation of the members of such committee shall not exceed $10 per day while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

"(e) In determining the amount to be expended for the purposes stated in subsection (a) (4) hereof consideration shall be given to demonstrated successful prior accomplishments from such expenditures and such amount shall in no event exceed three-fourths of 1 per centum per annum of the support price.

"(f) The Secretary is authorized, upon recommendation of the peanut advisory committee, to limit, pursuant to regulations issued by the Secretary, by types and grades, the quantity of shelled peanuts of specified grades and qualities, such as U. S. No. 2, split kernels, small shrivel kernels, oil stock, and pick outs. If such limitations are placed in effect, the Secretary shall determine rates of payments to be made to shellers for such peanuts which will compensate shellers for such peanuts in a total amount equivalent to the market value, as determined by the Secretary, of such peanuts for edible or other purposes:

for which they likely would be sold in the absence of such limitations. Such payments to shellers shall be made from the fund established pursuant to this section.

"(g) The Secretary or his designee is authorized to enter into agreements with, or to approve agreements entered into between, persons or agencies designated by the peanut advisory committee for the purpose of developing and conducting on a National, State, or regional basis publicity, promotion, and other programs designed to increase the consumption of peanuts and the products thereof.

"(h) The Secretary or his designee shall establish from payments into any fund in any year, after expenditures for the purposes for which such fund is established have been made or moneys for such purposes have been allocated during such year, a reserve to be used in any subsequent years(s) for the purposes of subsections (a) (2), (3), and (4) if the payments made into the fund during such subsequent year are insufficient to carry out such purposes.

"(i) The Secretary or his designee shall, for the purpose of defraying the net losses sustained by the Commodity Credit Corporation during the calendar year in disposing of peanuts acquired under its price support program, transfer to the Commodity Credit Corporation from the amount which remains at the end of such calendar year in any fund established pursuant to this section, after expenditures have been made or moneys allocated during such calendar year for the purposes of subsection (a) (2), (3), and (4) hereof, that amount which is necessary to defray such net losses: *Provided*, That if the amount transferred to the Commodity Credit Corporation is insufficient to defray such net losses in disposing of peanuts acquired under its price-support program during such calendar year, the amount by which net losses exceed the amount transferred shall be paid with moneys available in any reserve created from any payments made into the fund in prior calendar years or, to the extent the moneys available in such reserve are insufficient to defray the total excess of such net losses, shall constitute a charge against any payments made into the fund in any subsequent calendar year, which are not designated for the purposes of subsection (a) (2), (3), and (4) hereof, after expenditures have been made or moneys allocated during such subsequent calendar year for the purposes of subsection (a) (2), (3), and (4) hereof."

SEC. 4. Section 101 (d) of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new subsection (8) as follows:

"(8) if producers have approved the establishment of a fund in the manner and for the purposes prescribed in title VI of the Agricultural Adjustment Act of 1938, as amended, for each calendar year in which producers make payments into such fund the level of price support to cooperators shall be calculated as provided in subsection 101 (b), but the percentages of parity shown therein shall be increased by 5 per centum."

[H. R. 12545, 85th Cong., 2d sess.]

A BILL To amend the peanut marketing quota and price support provision of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Agricultural Adjustment Act of 1938, as amended, is amended as follows:

(a) Section 301, subsection (b), paragraph (10), subparagraph (A), of the Agricultural Adjustment Act of 1938, as amended, is amended by striking out in the second sentence the language "15 per centum in the case of peanuts" and inserting in lieu thereof the language "27 per centum in the case of peanuts."

(b) Section 301, subsection (b), paragraph (16), subparagraph (A), of the Agricultural Adjustment Act of 1938, as amended, is amended by changing the period at the end thereof to a colon and adding the following proviso: "*Provided*, That in determining total supply of peanuts there shall be excluded from the carryover any quantity of peanuts which, as of the beginning of the marketing year for which total supply is being determined, (i) is owned by Commodity Credit Corporation, (ii) represents collateral pledged to secure a price support loan made available by Commodity Credit Corporation, or (iii) remains to be delivered to Commodity Credit Corporation under purchase agreements made available by Commodity Credit Corporation."

Section 358, subsection (a) of the Agricultural Adjustment Act of 1938, as amended, is amended (a) by inserting in the first sentence of subsection (a) immediately following the words "prospective demand conditions" the language "so as to provide, together with the carryover of peanuts, for a normal supply of peanuts"; (b) by inserting at the end of subsection (a) the following: "*Provided further*, That the acreage allotment in each State shall be increased by the estimated number of acres required under normal conditions to result in the harvesting of the number of allotted acres determined according to the first sentence of this subsection; such adjustment in acreage under this provision shall not be considered in establishing future State, county, and farm allotments by amending section 358, subsection (c), paragraph 2 of the Agricultural Adjustment Act of 1938, as amended, is amended to read as follows:" (2) Notwithstanding any other provision of law, the Secretary shall make an investigation not later than February 1 of each calendar year for each area to determine whether the estimated supply as of the first day of the marketing year which begins in such calendar year will be less than 90 per centum of the estimated consumption of peanuts from each area during such marketing year plus 90 per centum of the estimated consumption during the period from the beginning of the marketing year through the first full calendar month in which there normally is heavy movement of new crop peanuts (that is, October for the southeast and southwest areas and November for the Virginia-Carolina area).

"If the Secretary finds an estimated short supply in any area, acreage allotments shall be increased to the extent deemed necessary, on the basis of the average yield in such area in the preceding five years, adjusted for trends and abnormal conditions, to provide additional production equivalent to the difference. Such increases in allotments shall be made for farms in the area by a uniform percentage of the regular allotments for farms for that year. The additional acreage required for such increases shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments."

The Agricultural Adjustment Act of 1938, as amended, is amended by adding at the end thereof a new title V as follows:

"TITLE V—PEANUT FUND FOR PUBLICITY, PROMOTION, RESEARCH, AND OTHER PURPOSES

"SEC. 395. (a) The Secretary shall not later than December 15th of each calendar year, conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of, or are opposed to, the establishment with respect to the crops of peanuts which are produced in the three calendar years immediately following the year in which the referendum is held, of funds for the purpose of (1) developing and conducting publicity, promotion, and other programs designed to increase the consumption of peanuts and the products thereof, (2) research on peanuts, (3) providing payments to peanut grower cooperative associations which contract directly with the Commodity Credit Corporation in making price support available to producers for any administrative expenses, incurred by such associations in connection with peanut price support activities, which are in excess of the net income derived by such associations through price support activities in that year, (4) providing payments to shellers for marketing or otherwise disposing of for crushing into oil and meal, for export or for feed, any shelled peanuts of lower grades specified by the Secretary with regard to which use limitations are established by the Secretary pursuant to subsection (f) hereof, and (5) defraying the net losses sustained by the Commodity Credit Corporation in disposing of peanuts acquired under its price support prograin: *Provided*, That is, beginning with the calendar year immediately following the year in which the referendum is held, fewer than three years remain of the period for which marketing quotas have been approved by farmers, any fund approved by farmers shall be established only with respect to the crops of peanuts produced in each of calendar years which remain of the period for which marketing quotas have been approved: *Provided further*, That if as many as two-thirds of the farmers voting in any referendum vote in favor of the establishment of such fund, no referendum shall be held with respect to such fund during the years which remain of the period for which the fund is

established. The Secretary shall proclaim the results of the referendum within thirty days after the day on which it is held.

"(b) Payments shall be made into funds established pursuant to this section by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the payment shall be made by such agent, and such person or agent may deduct an amount equivalent to the payment from the price paid to the producer: *Provided*, That no payment for purposes other than under subsection (a) (1) and (2) above shall be made into the fund with respect to the crop of peanuts produced in any calendar year during which marketing quotas are not in effect.

"The amount of any payment for the crop of peanuts produced during any calendar year of the period for which the fund is established shall not exceed the lower of (1) 10 per centum of such national average per ton level of price support, or (2) that per centum of such national average per ton level of price support which the Secretary determined necessary to provide a fund sufficient during such subsequent calendar year to accomplish the purposes for which such fund is established: *Provided*, That the amount of any payment made into the fund with respect to the crop of peanuts produced during such calendar year which shall be designated for the purposes of subsection (a) (1) and (2) hereof shall not exceed one per centum of such national average per ton level of price support: *Provided further*, That if the amount designated for the purposes of subsection (a) (1) and (2) hereof which remains unexpended or not allocated as of the end of any calendar year equals or exceeds $5,000,000, the amount of any payment into the fund for the crop of peanuts produced during the next succeeding calendar year and each succeeding calendar year thereafter, which is to be designated for such purposes, shall be that per centum of such national average per ton level of price support, but not in excess of one per centum, which the Secretary, upon recommendation of the Peanut Advisory Committee established pursuant to subsection (d) hereof, determines it necessary to maintain the amount designated for such purposes at a level not in excess of $5,000,000 and not less than $2,000,000 after expenditures for such purposes are made or allocated during the succeeding calendar year: *Provided further*, That each area shall separately bear the cost of the program in its area except for the purposes under subsection (a) (1) and (2) above.

"(c) The fund for each area, except for the purpose under subsection (a) (1) and (2) above, shall be maintained separately and the program, except for the purposes under subsection (a) (1) and (2) above, in each area financed out of the fund for that area. The deduction not to exceed 1 per centum shall be uniform and shall be maintained in a common fund for all areas. The remaining deduction may vary between areas depending on the estimated costs in each area and shall be maintained and administered in a separate fund for each area.

"(d) The Secretary is authorized to designate a person or agency to receive any payments made into the funds established pursuant to this section and the Secretary or his designee shall receive such payments and shall make expenditures from such funds for the purposes of this section.

"(e) The Secretary shall apoint from time to time a peanut advisory committee of 12 members consisting of two representatives of peanut growers from each of the major peanut producing areas (Virginia-Carolina, southeast, and southwest), one peanut sheller from each area, and three manufacturers of peanut products. The Secretary shall name the two grower representatives from each area from a list of five names submitted by the grower association in each area contracting directly with the Department to carry out the price support program in that area; namely, the Southwestern Peanut Growers Association in the Southwest area, the Georgia-Florida-Alabama Peanut Association in the Southeast area, and the Peanut Growers Cooperative Marketing Association in the Virginia-Carolina area; the Secretary shall name the sheller representative from each area from a list of three names submitted by the sheller organization in each area; namely, the Southwestern Peanut Sheller Association in the Southwest area, the Southeastern Peanut Association in the Southeast area, and the Virginia-Carolina Peanut Association in the Virginia-Carolina area; the Secretary shall name the three representatives from the manufacturers by naming one from each of lists of three names submitted by the National Confectioners Association, the Peanut Butter Manufacturers Association and the Nut Salters Association. This committee shall recommend to the Secretary or his designee with respect to (1) limitations upon the quantities of lower grade

shelled peanuts, by types, and grades, which may be marketed or otherwise disposed of for uses other than for food, or for crushing into oil and meal, or for export, (2) the amount of expenditures to be made, and the manner in which such expenditures shall be made for the purposes of subsection (a) (1) and (2) hereof, during any calendar year, from that portion of the funds established pursuant to this section which is designated for such purposes, and (3) the amount which is necessary to maintain, during each calendar year which succeeds the calendar year in which the unexpended and not allocated amount designated for the purposes of subsection (a) (1) and (2) hereof equals or exceeds $5,000,000, that portion of each fund designated for such purposes at a level not in excess of $5,000,000, and not less than $2,000,000 after expenditures for such purposes are made or allocated during such succeeding calendar year. The compensation of the members of such committee shall not exceed $10 per day while actually employed and actual necessary traveling and subsistence expenses, or a per diem allowance in lieu thereof.

"(f) The Secretary is authorized, upon recommendation of the Peanut Advisory Committee, to limit, pursuant to regulations issued by the Secretary, by types and grades, the quantity of shelled peanuts of specified lower grades which may be marketed, or otherwise disposed of, by shellers for primary uses other than for crushing into oil and meal, or for export, or for feed. If such limitations are placed in effect, the Secretary shall determine rates of payments to be made to shellers for shelled peanuts of the specified lower grades which are marketed or otherwise disposed of pursuant to such limitations or for crushing into oil and meal, for export, or for feed, which will compensate such shellers for such peanuts in a total amount not less than 100 per centum and not in excess of 110 per centum of the market value, as determined by the Secretary, of such peanuts for primary uses other than for crushing into oil and meal, for export, or for feed. Such payment to shellers shall be made from the area funds established pursuant to this section.

"(g) The Secretary or his designee is authorized to enter into agreements with, or to approve agreements entered into between, persons or agencies designated by the Peanut Advisory Committee for the purpose of developing and conducting on a national, State, or regional basis publicity, promotion, and other programs designed to increase the consumption of peanuts and the products thereof and for research.

"(h) The Secretary or his designee shall establish from payments made into any area fund, after expenditures for the purposes for which such fund is established have been made or moneys for such purposes have been allocated or designated during any calendar year, a reserve to be used in any subsequent year for the purposes of subsection (3), (4), and (5) if the payments made into the fund during such subsequent year are insufficient to carry out such purpose.

"(i) The Secretary or his designee shall, for the purpose of defraying the net losses sustained by the Commodity Credit Corporation during the calendar year in disposing of peanuts acquired under its price support program, transfer to the Commodity Credit Corporation from the amount which remains at the end of such calendar year in any fund established pursuant to this section and which is not designated for the purposes of subsection (a) (1) and (2) hereof, after expenditures have been made or moneys allocated during such calendar year for the purposes of subsection (a) (3) and (4) hereof, that amount which is necessary to defray such net losses: *Provided*, That, if the amount transferred to the Commodity Credit Corporation is insufficient to defray such net losses in disposing of peanuts acquired under its price support program in that area during such calendar year, the amount by which such net losses exceed the amount transferred shall be paid moneys available in any reserve created from any payment made into the fund in prior calendar years or, to the extent the moneys available in such reserve are insufficient to defray the total excess of such net losses, shall constitute a charge against any payments made into the fund for that area in any subsequent calendar year, which are not designated for the purposes of subsection (a) (1) and (2) hereof, after expenditures have been made or moneys allocated during such subsequent calendar year for the purposes of subsection (a) (3) and (4) thereof."

Section 101, subsection (a), of the Agricultural Act of 1949, as amended, is amended by adding, in the first sentence thereof, after the word "wheat", the word "peanuts".

Section 101, subsection (b), of the Agricultural Act of 1949, as amended, is amended by deleting from the first sentence thereof, the words "and peanuts".

Section 101, subsection (d), of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof a new paragraph (8) as follows:

"If producers have approved the establishment of funds, in the manner and for the purposes prescribed in title V of the Agricultural Adjustment Act of 1938, as amended, for each calendar year in which producers make payments into such fund, the amount of the deduction shall be deducted from the price received by the grower."

Section 403 of the Agricultural Act of 1949, as amended, is amended by adding the following sentence at the end: "In the case of peanuts, the same support price shall apply to each 1 per centum Sound Mature Kernels for all types with a premium to be determined by the Department for Extra Large Virginia-type peanuts and for Valencia-type peanuts that are suitable for cleaning and roasting."

Section 401, subsection (a) of the Agricultural Act of 1949, as amended, is amended by adding the following sentence at the end: "In carrying out the price support program on peanuts, the Secretary shall not enter into any contracts either directly or indirectly with associations or their subsidiaries or affiliates where such associations are also engaged in shelling peanuts and where such contracts are not available on the same basis to other shellers of peanuts."

Mr. McMillan. Would the authors of these bills care to make a statement?

Mr. Abbitt. I do not care to make a statement at this time.

Mr. McMillan. Mr. Burleson?

Mr. Burleson. I did not understand Mr. Abbitt. Is Mr. Abbitt going to make a statement?

Mr. Abbitt. I will not make a statement today.

Mr. Burleson. Whatever is the pleasure of the committee is mine also. I shall be glad to comment upon H. R. 12545 and present to the committee a representative of the shellers of the Southwest and a representative of the growers of the Southwest. If that is the order the chairman would like, or he may first wish to hear representatives of the Department of Agriculture on the two pending measures.

Mr. McMillan. We would like to hear from you and then you may introduce the people you are interested in. We will hear them later and hear the members first.

STATEMENT OF HON. OMAR BURLESON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Burleson. Mr. Chairman and members of the subcommittee, I appear before you in support of H. R. 12545, a bill to amend the peanut marketing quota and price support provision of the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949, and for other purposes.

For many years the peanut growers and shellers of the Southwest area have lived with a situation of disparity of treatment in the allotment of acres for peanuts, the differentials in grades, price supports, and other inequities.

These inequities are both legislative and administrative. Most of the inequities could have been removed by administrative procedures, but we have not been able to get the action required. At one time there may have been some reason for the advantage now accruing to the Southeast peanut growers and shellers over those of the Southwest, but if that advantage ever had merit, the time has long passed when it is justified. In this measure we are simply asking that we have equal opportunity with the other areas, and I think that is all intended by H. R. 12545, which I have introduced.

The gentleman from Virginia, Mr. Abbitt, a member of this subcommittee, has authored a similar measure which is applicable to the Carolina-Virginia area, as opposed to the Southeast which enjoys certain comparative advantages. The two bills are not irreconcilable and in many instances attempt to correct the inequities, which I believe are recognized to exist by members of this committee, the Department of Agriculture and all others who have looked with any objectivity in comparing the status of the three major peanut-producing areas of the country.

We here in the Congress have learned from past experience that it is necessary we lend one another fullest cooperation in order to protect the peanut program. We have recognized by uneasy experience that the peanut program, as such, is constantly in jeopardy, and that we needed one another at all times to maintain a fair position for our people in the business of raising and shelling peanuts.

The Southwestern growers and shellers have recognized this position and have sacrificed considerable of their rights and legitimate demands to these facts of life. We are not of a mind to disturb that cooperation, but we are to the point of no return and simply cannot continue at the disadvantage we now suffer.

Mr. Chairman, we are being priced out of the peanut market because of the differential of almost $6 a ton now applied between the Southwest Spanish and the Southeast Runners. We are in desperate circumstances and must come before this committee to beg of you to give us relief by lawful instructions to the Department of Agriculture. We are no longer willing to remain silent under the pressure that action at this time may place in further jeopardy the entire peanut program. We recognize this as a fact and would not be here today with this plea if there was any reasonable way to avert it.

In addition, Mr. Chairman, there are other provisions of H. R. 12545 which we believe will greatly improve the opportunities for peanut growers and shellers. We believe the self-help plan proposed in this bill will in time remove some of the criticism constantly voiced against the peanut program by those who would destroy it. We believe the losses now experienced under the direct support program would be drastically reduced, that it would give greater freedom of operation to growers and shellers; that it is workable; and that the program as we now know it would be largely placed in the hands of the farms themselves. Mr. Sydney Reagan and Mr. Ross Wilson, representing the Southwest growers and shellers, will develop this point and others more fully in their testimony.

Mr. Chairman, let me repeat that we have not the slightest desire to impose any unreasonable conditions upon the growers and the shellers of the Southeast. Contrarily, certainly we wish to help and cooperate with all other areas as we have in the past, if for no other reason that it is to our own advantage. If what we are asking in this legislation can be successfully proved unfair or without merit, then we will do as we have in the past, cooperate as long as our people are in business; but the time is here when either the farmers of our area must stop producing and move off their farms, and the shellers go out of business because we cannot continue the downgrade we are on by reason of the inequities now imposed upon us.

I sincerely hope that this committee will approve the provision of H. R. 12545 and will make it a part of any omnibus farm bill which may be produced in this session of the Congress.

Mr. Chairman, with your permission I would like to present to the committee Mr. Sydney Reagan who represents the shellers of the Southwest area.

Mr. McMillan. I believe we have your name on this list.

Mr. Burleson. I thought as a matter of continuity the committee would hear them in order, but whatever the committee wishes to do is all right.

Mr. McMillan. I want to find out if any of the Members have to go to another committee meeting. I believe Mr. Sikes has to leave as soon as possible.

Mr. Burleson. And I believe Mr. Thornberry has to go.

Mr. Sikes. I think you will find all the Members here have other committee meetings. We are pressed for time and if we could say a few words I think that would suffice for our purpose at this time. Shall I proceed, sir?

Mr. McMillan. We will be glad for you to make any statement you desire at this time.

STATEMENT OF HON. ROBERT L. F. SIKES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. Sikes. I have the greatest respect for the introducers of the two bills that are before your subcommittee. Both are outstanding Members of the Congress and I know they are acting in good faith and in good conscience in what they are proposing. Nevertheless, I as a Member of Congress who represents a major peanut-producing area must protest very strongly the enactment of either of these measures. I would like to remind the committee that we have had the greatest difficulty in recent years in maintaining a support-price structure for peanuts. We have had great difficulty on the floor of the House of Representatives in protecting the growers of peanuts at all. If we open this field of legislation again, I do not know what might happen. I think it could be extremely dangerous to the whole peanut-producing industry, to every farmer who is a producer of peanuts. I earnestly hope the committee will keep this in mind.

I would like to point out, Mr. Chairman, that the legislation that is now before you would seriously divide the forces of the peanut producers, and to divide your forces in the face of the determined opposition to any peanut program that we have had demonstrated in recent years would be a very dangerous and could be a very foolhardy think. If we get to fighting among ourselves we are going to lose the whole program. That is exactly what I can see happening if we go ahead with this legislation.

I earnestly hope the committee will not report either of these bills. Thank you, sir.

Mr. McMillan. Mr. Teague.

STATEMENT OF HON. OLIN E. TEAGUE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Teague. Mr. Chairman, I appreciate very much this opportunity to appear before your committee in support of H. R. 12545, a bill to amend the peanut marketing quotas and price-support provisions of the Agricultural Adjustment Act of 1938, as amended.

Let me say at the start, Mr. Chairman, that for sure I would not want to do anything which might jeopardize the status of the peanut industry as a basic commodity under the act; however, for many years now I know that the peanut growers of the Southwest have felt that they have been discriminated against by acreage allotments, grades, and price-support programs under the act.

During the most recent years, the Southwest Spanish-type peanut has been priced out of the market to the disadvantage of the growers and shellers. My people are of the firm conviction that the enactment of H. R. 12545 will go a long way toward correcting many inequities and will assist them in gaining an equal opportunity to market their peanuts on the same basis as other areas of the country. It is for this reason that I strongly recommend that this committee give favorable consideration to the reporting of this bill in order that the House can work its will in behalf of this segment of our agricultural economy.

Mr. McMillan. Mr. Thornberry.

STATEMENT OF HON. HOMER THORNBERRY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

Mr. Thornberry. I will associate myself with my colleague, Mr. Burleson, but I recognize there is a great deal to what Mr. Sikes says. I think all of us should try to work together on a program to try to solve some of these problems which the peanut growers face. I do not think it is possible for any of us familiar with the situation to say that the situation is as it ought to be. I am a little familiar with the situation facing the peanut growers in my area. I have a great deal of sympathy with the problem they face and I am of course determined to do whatever I can to be effective in helping them. I do not think we should find ourselves at loggerheads with each other. There has to be some patience and understanding between us.

I am here to express my interest in the overall problem and appreciate the committee going into it.

McMillan. Mr. Forrester.

STATEMENT OF HON. E. L. FORRESTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Forrester. In a few minutes I have to go to the Judiciary Committee, responding to the call of the chairman of our Rules Committee and a great Virginian, the Honorable Howard Smith. We have some mighty constructive work over there to attempt to do this morning.

Nevertheless, I would like to have you indulge me a minute or two and let me register my most vigorous opposition to this legislation.

Now, Mr. Chairman, I think I can say truthfully that I represent the largest peanut area in the United States. I do not think anyone comes close to me unles it be my neighbor, John Pilcher, of the Second District of Georgia.

This is not just a crop that to some extent affects our economy. As a matter of fact, down where I live, Mr. Chairman, it is virtually our farming economy. So now I am tremendously interested in the peanut situation over the United States. Let me say this to you. Since I have been in Congress, 2 or 3 times have we been met over there

on the floor with determined opposition to destroy the peanut program. It would seem to me it would be utterly foolhardy for the small band of Congressmen who represent peanut areas to go over upon the floor and battle for any peanut legislation at this time. Either 14 or 16, I do not remember which, represents the Members of the Congress who are interested in peanuts and have peanuts in their congressional districts. That is a might small number when you operate upon the idea that we have 435 Members of Congress. I have seen these vicious attacks made upon the floor and the last time—there is not a one here who does not remember it—on the teller vote we were absolutely defeated. Had there not been a lot of work done during the night, we would have lost the entire peanut program. I remember on the rollcall vote we saved peanuts as 1 of the 6 basic crops by 8 votes.

Now, gentlemen, I just simply cannot be a party to putting upon the block the future of the peanut growers in my area and in your areas. There are lots of things we could say about this legislation but primarily what I am trying to say to the Members who are interested in peanuts is this: For God's sake, let peanuts alone now. You cannot win. We just simply stand to lose. In my opinion if we are going to try to render effective representation to our people, I think we should know when it is time to halt as well as to know when it is time to attempt to act.

That is a thought I want to get over. I want to register my complete objection to our attempting to bring any peanut legislation out on the floor this year of any kind whatever.

But before I leave I do want to say to the chairman that we have with us this morning my colleague, John Pilcher, and I will say in behalf of John Pilcher that I doubt seriously that there is a man in the Congress who is sounder or knows more about agriculture than John Pilcher, my friend and my colleague and my next-door neighbor. John will certainly have a fine contribution to make to this subcommittee this morning as he discusses this peanut legislation.

In addition to that, we have the president of our Georgia Farm Bureau, Hon. John Duncan, who wants the privilege of appearing before you.

Additionally, we have a distinguished former member of the House of Representative, a man who is from the district that I have the honor to represent at this time. He considers this legislation of such importance and the defeat of this legislation of such importance that he has come up here from Americus, Ga., and he wants the privilege of testifying before you this morning.

We have Hon. Walter Randolph, president of the Alabama Farm Bureau, and I am satisfied that there are representatives from Florida.

Mr. MATTHEWS. Will the gentleman yield?

Mr. FORRESTER. Yes.

Mr. MATTHEWS. The president of the Florida Farm Bureau sent his regrets but said he wanted to be associated with the gentleman from Georgia and they could speak 100 percent for the peanut growers of Florida.

Mr. FORRESTER. So far as any farm program is concerned, you should look at that from an overall picture. In lots of phases in this

agricultural program we do not think we are getting exactly what might be coming to us. But we think even then we are doing a whole lot better under our farm program than if we did not have a farm program. We are willing, for the time being at least, in order to try to preserve the situation as is, to go along with some of the burdens we think we are assuming and have been assuming for some time. I wanted to inject that.

Mr. Chairman, if you will excuse me now, I will go on over to my committee. I appreciate the opportunity of appearing before you.

Mr. McMillan. Thank you, Mr. Forrester.

Mr. Pilcher, you may proceed.

STATEMENT OF HON. J. L. PILCHER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. Pilcher. First I want to say I do not know how to get up and oppose what Mr. Abbitt and Mr. Burleson have put in. I do not believe I have ever disagreed with them on a single bill before. But I want to concur in what the Congressman from Florida and my colleague from Georgia, Mr. Forrester, had to say.

In March the peanut section of the Georgia Farm Bureau had a meeting. They passed resolutions that they did not want any peanut legislation at this time. A few days later the shellers of that area had a meeting and adopted unanimously the same resolution that our growers adopted. By the way, our growers were represented by the Florida and Georgia growers. A little later the Alabama growers met and adopted the same resolution.

I am one who believes that we cannot afford to get to fighting among ourselves, not only on peanuts but on tobacco, dairy, wheat, corn. If these bills are introduced in order to get tied onto some omnibus farm bill that might come up this time or some special legislation, I think we are going to find ourselves all crossed up, section against section, commodity against commodity, and it is not going to be good for the agricultural people anywhere in the United States. I think if we ever get any farm legislation, it has to represent all of the basic crops.

If you want to put it on a selfish standpoint, you take tobacco in my section. We have a far better case to present to a committee of this House on tobacco than these peanut boys have. The type tobacco raised in Georgia last year, there was less than six-tenths of 1 percent of it that went into the Stabilization Corporation, whereas 21 percent of the North Carolina tobacco went into the Stabilization Corporation. Even though the Carolina tobacco has to be tied and our tobacco untied, our tobacco brought 4 cents a pound more than the North Carolina tobacco last year.

Even with that, I have told my tobacco growers I would not introduce legislation unless I was forced to get the tobacco growers fighting among tobacco growers.

We are having a hard enough time when we all try to stick together, not only in the South but in the West and in the North. I think that agriculture has to stick together all the way down the line. I just think that special bills like this that favor one special section are harmful not only to the peanut industry but harmful to the entire agricultural program. Thank you.

Mr. McMillan. Thank you, Mr. Pilcher. We have Congressman Fountain in the audience.

Mr. Fountain. I appreciate the invitation to be present in your committee this morning. I came primarily to listen. I do not care to make a statement at this time.

Mr. McMillan. You may file a statement or appear later.

Mr. Thigpen and Mr. Miller are here from the Department. Do you care to make a statement now or wait until later?

Mr. Miller. We would like to make a statement now, if you please, sir.

Mr. McMillan. Very well.

STATEMENT OF CLARENCE MILLER, ASSOCIATE DIRECTOR, COMMODITY STABILIZATION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. Miller. I am Clarence Miller. On last Friday the Department was requested to make a report and state its position with respect to H. R. 12566. We are at the present time drawing up a policy statement with respect to this bill. It is in the Peanuts and Oils Division of Mr. Thigpen. He has not had time to conclude the study and submit it to the policy staff for their consideration. We expect to do it as rapidly as possible and Mr. Thigpen thinks he will have a draft out for the consideration of our office and the Administrator's Office tomorrow and probably for consideration of the policy staff by the first of the week or at their next meeting.

Mr. McMillan. Would you be in a position to give us also a report on Mr. Burleson's bill?

Mr. Miller. Yes, sir, we will on H. R. 12545 also. The Department has some reservations on first blush about some of the provisions of these acts. We would welcome the opportunity to not only present our position but testify at some future date, sir, on these bills.

Mr. McMillan. The hearing will not be concluded today. You will have that opportunity.

Mr. Miller. We will submit our report as rapidly as we can. I regret we do not have it this morning. We have not had time to bring it up for consideration of the policy staff.

Mr. McMillan. I realize we gave you short notice of this hearing. Thank you very much.

Mr. Burleson, would you like to finish your presentation?

Mr. Burleson. May I present Mr. Sydney Reagan who represents the peanut growers and shellers of the Southwest.

Mr. McMillan. Mr. Reagan, you may proceed.

Mr. Burleson. Mr. Reagan suggests we might hear Mr. Ross Wilson, manager of the Southwest Peanut Growers Association, first, and he will follow.

Mr. McMillan. Mr. Wilson, we will be glad to hear from you.

STATEMENT OF ROSS WILSON, MANAGER, SOUTHWESTERN PEANUT GROWERS ASSOCIATION, GORMAN, TEX.

Mr. Wilson. Mr. Chairman, I am Ross Wilson, manager of Southwestern Peanut Growers Association, Gorman, Tex. I would like to say that our grower group from the Southwest met in Atlanta,

Ga., back in November with the grower groups from the other two major peanut-producing areas in an attempt to get together on some possible legislation and that it was stated in that meeting and is a matter of record that the resulting proposed legislation coming out of that meeting was unanimously accepted by those there with the exception of two flagged points, I believe we had a point flagged and I believe the southeastern area had one. But otherwise the meeting was generally harmonious and it was generally recognized by those present that the present peanut program had proved to be vulnerable in certain respects in the past.

The meeting was very constructive in that we were trying to come up with something that would put our peanut program in a more stable position and for the very reasons that have been enumerated here this morning. We do not intend that this would tend to disrupt the harmony that now exists among the areas. We have in mind something constructive.

We continued to work in our area after the meeting in Atlanta on a peanut bill. We had a subsequent meeting in February of the three areas again in Washington. At that time two of the areas still sensed the need for continued work on some type of peanut legislation, but one of the areas for some reason had changed its viewpoint in this respect and did not wish to go ahead with the legislation. We are continuing to work with grower people from the other two areas trying to come up with something more constructive than the present program. We think that if we wait until maybe a later date we would not be in as good a position to do something as we are at the present time.

That is all I have to say.

Mr. McMillan. Do you have any idea that you and the growers and shellers can all get together before we complete these hearings?

Mr. Wilson. We are certainly willing to try, sir.

Mr. McMillan. Thank you.

Mr. Abbitt. Did I understand you to say some time in November 1957 that the growers or their representatives from the Virginia-Carolina area, Southwest and Southeast had a joint meeting?

Mr. Wilson. That is correct, in Atlanta, Ga.

Mr. Abbitt. Was there substantial agreement as to what was to be done and how you were to proceed so far as legislation was concerned?

Mr. Wilson. There was. The grower group from Virginia-Carolina had previously distributed some information to the grower representatives from the other areas so that they might have a chance to look at it and so we would have a starting point upon which to construct something. I believe that was sent out 4 or 5 weeks prior to the Atlanta meeting and went to representatives of all areas. The purpose of the Atlanta meeting was to go over the proposals and change them as the majority saw fit. That is what was done.

At the conclusion of the meeting there seemed to be general agreement on all points. I believe the minutes of the meeting will show that, with the exception of two points.

Mr. Abbitt. Do you have the minutes of the meeting?

Mr. Wilson. I do.

Mr. Abbitt. May I see them?

Mr. Wilson. Yes, sir.

Mr. BURLESON. May I make one statement? Would the Chair permit me to go off the record.

Mr. MCMILLAN. Off the record.

(Discussion off the record.)

STATEMENT OF SYDNEY C. REAGAN, GENERAL COUNSEL, SOUTHWESTERN PEANUT SHELLERS ASSOCIATION

Mr. REAGAN. Mr. Chairman, my name is Sydney C. Reagan and I serve as general counsel to the Southwestern Peanut Shellers Association. This morning the Southwestern Peanut Growers' Association has asked me to present a discussion of H. R. 12545 so that what I will be saying will be said for the Southwestern Peanut Grower's Association.

I wish to state that the Southwestern Peanut Shellers Association also are in complete harmony with this bill.

I want nothing that I say at this hearing to be used by the opponents of the price-support program. Our concern is how we can maintain a strong healthy price-support program for peanuts. We feel there is a very urgent need that action be taken to strengthen the program. We are convinced that the opponents of the peanut price-support program are not going to remain idle and inactive merely because we who favor the price-support program remain idle and inactive.

Twice within the last few years we have seen sneak attacks on the peanut price-support program. They came close to being successful. We fear future attacks and what we are concerned with is trying to get this program on a basis so that it can withstand any attack that is made on it.

We feel that there is a golden opportunity confronting the peanut growers today of all areas to develop a program when they are not under pressure of attack, to develop a program that can withstand attack. Twice I have seen the attack made and I have seen that we did not have time then to develop a sound program. The opposition did not give us time.

Now in connection with H. R. 12545 I would like to point out that the bill has three primary objectives.

First, it is aimed at providing a method of increasing the market for peanuts from all areas through a program of advertising, promotion, and research.

Second, it provides for a self-help program for peanut growers in each of the three major areas so that we will be in a position to remove one of the major criticisms directed at the peanut price-support program, which has been the losses that have been sustained.

Third, the bill corrects certain defects which have been revealed during the last 6 or 7 years since there was any revision in the peanut legislation.

I might point out there that we must continue to watch the legislation even though Congress were to pass the proposed bill. We must continue to watch and see how the legislation is working out.

I would like to take up now some of the major details of the bill. I will take them up in the order in which they appear in the bill.

The percentage of carryover contained in the supply percentage calculation—that is, what is considered to be normal carryover—is increased from 15 to 27 percent. Now this is clearly in line with the

facts of life in the peanut industry; 15 percent of normal domestic quota consumption plus exports is entirely inadequate as a carryover. The carryover that has been carried by the industry during the past several years reveals this.

This change has the effect of reducing the supply percentage under any given situation of actual carryover and production. With this supply percentage being reduced, the percent of parity support is increased up to 90 percent. In other words, under the flexible system of supports this provision would have the effect of increasing the minimum support to the growers.

Mr. ABBITT. Before leaving that, may I ask a question?

Mr. MCMILLAN. Yes.

Mr. ABBITT. As I understand it the purpose of this section is to write into the law the present practice of the trade.

Mr. REAGAN. Correct, sir.

Mr. ABBITT. Does that discriminate against any of the three areas?

Mr. REAGAN. Absolutely not.

Mr. ABBITT. Could the Virginia type producers fuss about that provision?

Mr. REAGAN. No, sir. The Virginia producers, I believe, favor an increase from 15 to 25 percent and the Southwest area certainly would not quibble over the 2 percent.

Mr. ABBITT. Would that discriminate in any way against producers in the Southeast?

Mr. REAGAN. No, sir. It would help the producers in the Southeast in that under the sliding system of supports it would raise the support to them.

Mr. ABBITT. I just wanted to find out wherein the bill discriminates against any particular area producers. That is the only purpose of the question.

What you are doing here is putting into law the practice of the trade.

Mr. REAGAN. That is correct.

Mr. ABBITT. So that producers can get a fair shake when it comes to figuring the parity percentage.

Mr. REAGAN. Yes, sir.

Mr. ABBITT. Thank you.

Mr. REAGAN. The next point of major concern in the bill provides that in determining the supply percentage the CCC carryover shall not be included in the estimated actual supply. The effect of this change is to decrease the supply percentage and consequently to increase the parity level of support up to 90 percent of parity.

Sir, the reason we are proposing this is to discourage CCC from carrying over peanuts for the purpose, we feel, of depressing the level of support to growers. The Department carried over substantial quantities of peanuts in 1957 and we understand that they plan to do the same in 1958 as of August 1.

The effect of this very large Government carryover is to depress the support price to growers and we object to that, sir. Under this proposal if the Government sees fit to carry over peanuts, whether the peanuts are actually owned by the Government or whether they are under loan to the Government, then they would not be counted in determining the supply percentage.

Mr. ABBITT. As I understand that, it is to correct the situation that developed in the Department last year where under the present law the Department can carry over sufficient peanuts so as to fix the support price at any figure it desires. Is that correct under the present law?

Mr. REAGAN. That is correct, sir.

Mr. ABBITT. My recollection is we had a hearing on that last year before this subcommittee in which all the growers' representatives to my recollection were complaining and stating that the Department in an endeavor to reduce this support price had deliberately carried over an excess amount and therefore brought the support price down to all the growers in all three areas of the peanut producing sections. Is that your understanding?

Mr. REAGAN. That is right, all growers were hurt by the action of the Department; all growers in all areas would be helped by this provision.

Mr. ABBITT. The purpose of this particular provision is to prevent the Department from playing fast and loose with the support price of the peanut producers.

Mr. REAGAN. That is correct, sir.

Mr. ABBITT. Does it discriminate against any one of the three areas?

Mr. REAGAN. In no way, sir.

Mr. HARRISON. I would like to ask a question about this increase from 15 to 27 percent. I wonder if this is not just a paper operation and are we just increasing the amount of carryover from 15 to 27 percent in order to make it appear that we do not have any great amount of peanuts on hand. Are we helping ourselves or just buying time until we catch up with the 27 percent and then be back in the same position with 27 percent carryover rather than 15, which will probably depress the market more than it is depressed at the present time. I just do not understand the thinking with respect to increasing the carryover.

We have done this same thing in the case of wheat. We have increased the carryover from time to time but we get in a worse position by doing that. I wish you would explain the mechanism here by which you are going to increase the price by increasing the amount of carryover. It seems to me the carryover is the one factor that depresses the price.

Mr. REAGAN. Yes, sir. The change that we are proposing from 15 to 27 percent has to do with the estimated normal carryover as defined in the legislation. It does not refer to the actual carryover. The actual carryover could be greater than the 27 percent or it could be less. As I understand it, the purpose of defining a normal carryover is to describe what seems to be reasonably desirable and reasonably in line with practices. The 15 percent which is now in the legislation has generally been below the actual carryover.

So that what we are doing here is bringing the estimated normal carryover more in line with reality. As to the way in which that enters into the level of support, under the sliding system the level of support is determined by taking——

Mr. HARRISON. By the amount of carryover?

Mr. Reagan. That enters in, sir. So that if we increase the estimated normal carryover, then that will result in a lower supply percentage, your supply percentage being obtained by taking the estimated actual supply and dividing it by the normal supply. If you increase the carryover in your estimated normal supply, then you get a lower supply percentage which will increase the level of support under the flexible system.

Mr. Harrison. By increasing the estimated carryover you decrease the actual carryover; am I right?

Mr. Reagan. No, sir; it has no direct effect on the actual carryover one way or the other. It simply has to do with what goes into the normal supply figure.

Let me give an illustration. If you increase the estimated carryover by a certain number of tons, then that increases the normal supply by that same number of tons since estimated carryover goes into normal supply. The effect is that when you take estimated actual supply, which does take into account the actual carryover, and divide by the normal supply you come up with a smaller supply percentage which gives you a higher minimum support price.

Mr. Harrison. I guess I understand it.

Mr. Reagan. Sir, it is very complicated to me, too.

Mr. Harrison. If we deal with the actual supply, we will come closer to getting the kind of legislation we need. Are we going to carry over 27 or 15 percent and thus determine the amount of peanuts we need for the coming year? I will yield at this time, not having a perfect picture.

Mr. Smith. Did that gentleman say he was a lawyer?

Mr. Reagan. I am, sir.

Mr. Smith. You sound more like a slide-rule engineer to me.

Mr. McMillan. Proceed.

Mr. Reagan. The next major provision provides for the carryover of peanuts—that is, the actual carryover—to be considered in determining the quota. We feel that this is giving recognition to reality. If we have a very low actual carryover then the quota should be higher. If we have a large actual carryover, then the quota should be lower to bring supply and demand better into balance. Under the present legislation carryover is not considered in setting the quota.

Mr. Harrison. What is the determining factor in setting the quota?

Mr. Reagan. Today?

Mr. Harrison. Yes.

Mr. Reagan. The determining factor is the estimated quantity that has been used during the past 5 years, adjusted for trends and so on, for edible uses, seed, and certain estimated farm uses, and a small export.

The next major provision provides for an upward adjustment of the acreage allotments by States to allow for underplanting and underharvesting so that the adjusted acres will produce the needed quota requirements.

Very frankly this provision would help the southwestern area the most. We have some very real problems there. As a result, on the average we fail to harvest over 20 percent of our allotment.

There is practically no underharvesting in the Virginia-Carolina area and about 6 percent underharvesting in the southeastern area.

This very high percentage of underharvesting in the southwestern area is brought about by several factors.

First, our acreage is so spread out over the States in the Southwest that as a result of acreage cutbacks it has become uneconomical for some small producers to always plant and harvest their production.

Second, we have very, shall I say, difficult weather conditions in the Southwest. We either get too much rain or too little rain and if we get just enough rain at the right time we normally end up with a freeze. So that we lose a lot of peanuts as a result of these weather conditions.

In some years we harvest only about half of our allotment. In other years we may harvest a great part of it. For example, in 1956 we harvested only 54 percent of our total acreage allotment. In 1955, however—I want to present the full picture—in 1955 we harvested about 98 percent of our allotment. During the past 5 years we have harvested on the average 74.4 percent of our allotment.

Sir, if I may be permitted, I would like to submit for the record a statistical table showing the acreage allotments by areas, the acres harvested, and the percents.

Mr. McMillan. Without objection, that information will be included in the record.

(The table referred to follows:)

Peanuts

ACRES ALLOTTED AND ACRES HARVESTED, UNITED STATES AND PRINCIPAL PRODUCING AREAS, 1953–57

[Thousands of acres]

Crop year	Virginia-Carolina		Southeast		Southwest		United States	
	Allotted	Harvested	Allotted	Harvested	Allotted	Harvested	Allotted	Harvested
1953	291	291	857	808	530	416	1,679	1,515
1954	279	284	823	712	508	391	1,610	1,387
1955	299	307	885	828	547	534	1,731	1,669
1956 [1]	316	319	[2] 819	810	[3] 471	256	[4] 1,606	1,385
1957 [1]	279	290	824	808	509	456	1,611	1,554
Total	1,464	1,491	4,208	3,966	2,565	2,053	8,237	7,510

PERCENTAGE HARVESTED

Crop year	Virginia-Carolina	Southeast	Southwest	United States
1953	100.0	94.3	78.5	90.2
1954	101.8	86.5	77.0	86.1
1955	102.7	93.6	97.6	96.4
1956	100.9	98.9	54.4	86.2
1957	103.9	98.1	89.6	96.5
5-year average	101.9	94.3	79.4	91.1

[1] Harvested acres from December 1957 crop production.
[2] Excludes 6,144 acres subsequently assigned to soil bank.
[3] Excludes 37,840 acres subsequently assigned to soil bank.
[4] Excludes 44,000 acres subsequently assigned to soil bank.

Source: Oils and Peanut Division, Program Analysis Branch, Feb. 13, 1958.

Mr. REAGAN. The next major provision——

Mr. MATTHEWS. Would the gentleman yield for a question?

Mr. MCMILLAN. Proceed.

Mr. MATTHEWS. I believe you are discussing H. R. 12545 by Mr. Burleson? We have 2 on our desk, 1 by Mr. Abbitt and 1 by Mr. Burleson.

Mr. REAGAN. It is the Burleson bill.

Mr. MATTHEWS. 12545.

Mr. REAGAN. Yes, sir.

Mr. MATTHEWS. Will you please check section 358. I believe that is the section you are discussing now. It is on page 2 of the Burleson bill, section 358. I believe that is the section you have been discussing.

Mr. REAGAN. That is right, sir.

Mr. MATTHEWS. I wanted to understand that. If you will turn to page 3, let us start with line 5, I read now from (2):

> Notwitstanding any other provision of law, the Secretary shall make an investigation not later than February 1 of each calendar year for each area to determine whether the estimated supply as of the first day of the marketing year which begins in such calendar year will be less than 90 per centum of the estimated consumption of peanuts from each area during such marketing year plus 90 per centum of the estimated consumption during the period from the beginning of the marketing year through the first full calendar month in which there normally is heavy movement of new crop peanuts (that is, October for the southeast and southwest areas and November for the Virginia-Carolina area).

Will you explain that more in detail, please.

Mr. REAGAN. Yes, sir, may I first give a little background for the provisions and then explain how it would work?

At the present time in the marketing quota and acreage allotment legislation we have provision for the Secretary to add on acres for the producers of types of peanuts that are in short supply. The criteria given the Secretary in the present legislation are along the following lines: If the estimated supply based on the acres as they stand at the moment will be insufficient to sell as low as 105 percent of support plus reasonable carrying charges, then the Secretary will add on sufficient acres to increase the supply so that they will sell at that percent.

Now, each year the Department has had very great difficulty in applying this legislation. Frankly, it is very difficult criteria to apply.

The only purpose of our suggestion here is to give an easier formula to the Department, one over which there will be less controversy than under the present formula. We feel that if acreage does need to be added on, then the Secretary should have that authority. This would give it to him, plus, we think, a workable formula.

I might say that based on the experience of the Southwest under the present legislation, the Southwest would probably never get any acres added on under this proposed legislation. We do feel that it should be in there for the benefit of the producers of some other types of peanuts who might run into the need to have an acreage increase.

Mr. ABBITT. In other words, Doctor, as I understand it, this suggests further simplification of present law. Under present law there is no formula for the Secretary to go by.

Mr. REAGAN. There is no effective formula, sir.

Mr. ABBITT. It is in his discretion whether certain types of peanuts should be increased in their allotment for the present year, and he has exercised that discretion on occasion. He had to do it in his discretion without any formula written into the law. This is just a guidepost for him to go by in making that determination.

Mr. REAGAN. That is right, sir.

Mr. SMITH. Does the Secretary take into consideration the weather factors about which you have been talking, in making this estimate?

Mr. REAGAN. I presume, sir, he would take that into account in estimating what the production was going to be. It would be necessary to take that into account, yes sir.

The next major provision provides for the establishment of funds for several purposes. The first is to provide for publicity and promotion of peanuts. The second is to provide for research on peanuts.

The purpose of these funds is to expand the market for peanuts. This is something which will help everybody in the peanut industry.

Mr. MCMILLAN. That is a fund to be assessed against each farmer.

Mr. REAGAN. Yes, sir, that is to be assessed against each farmer. I wanted to explain the uses of the fund and then come back and explain the way the fund would be collected and administered.

Mr. MCMILLAN. Please make your statement as brief as possible. We have a good many witnesses waiting to be heard this morning.

Mr. REAGAN. Yes, sir, I shall be very happy to.

For these uses which I have already mentioned, there would be a deduction of not over 1 percent of the average support per ton of peanuts for these uses.

We have certain other uses for which funds would be deducted. One is to meet operating losses of peanutgrower cooperative associations which contract directly with the Commodity Credit Corporation in making price support available; in other words, to help bear these administrative costs.

Next, funds would be used to meet the costs of diverting the surplus of peanuts. This surplus of peanuts might be diverted in the form of lower quality shelled peanuts, or it might be diverted in the form of farmers stock peanuts. These funds would be different from the research and promotion fund in that these funds to bear the costs of the program would be on an area basis; in other words, the Virginia-Carolina area, the southeast area, and the southwest area.

The deduction which is being proposed here would not go into effect unless it had been approved by two-thirds of the growers voting in a referendum. In other words, it would be submitted to the growers.

Mr. ABBITT. It would have to be approved by all the peanut producers?

Mr. REAGAN. That is right.

Mr. ABBITT. It would be one referendum?

Mr. REAGAN. One referendum.

Mr. ABBITT. The one referendum would include all areas?

Mr. REAGAN. That is right.

Mr. ABBITT. It would have to be approved by a two-thirds vote of all the peanut producers participating in the referendum before this fund would be set up and go into effect?

Mr. REAGAN. That is right, sir.

Mr. ABBITT. It is the purpose of the program to take the burden off the Federal Government, is it not?

Mr. REAGAN. That is right, sir.

Mr. ABBITT. You would have a self-supporting program, paid for and financed by the producers themselves. It would relieve the taxpayers of the support of the peanut program.

Mr. REAGAN. That is right.

This would be on an area basis. In other words, the growers in each area would bear the costs of the price support program in their area.

The legislation provides that the Secretary will appoint an advisory committee consisting of 12 people who will advise and consult with him on carrying out this program. This committee of 12 would consist of 2 grower representatives from each area, 1 sheller representative from each area, and 3 manufacturers of peanut products.

Mr. MATTHEWS. I do not wish to prolong this discussion, but I notice that you do not have a majority of producers. About half of that committee are producers and the other half are divided between shellers and manufacturers. Are you wedded to that particular number? I imagine you gave a good deal of thought to it.

Mr. REAGAN. No, sir, we are not wedded to that particular number. Our concern is that the viewpoints of all segments of the peanut industry be brought to bear in advising the Secretary on this program. That is the major purpose.

Mr. SMITH. Mr. Chairman, may I ask a question?

Mr. MCMILLAN. You certainly may.

Mr. SMITH. What is the general status of the peanut trade if you decrease the price of peanuts to increase their consumption?

Mr. REAGAN. Sir, I will give you my own personal opinion on this. There are many in the trade who disagree violently with me. I feel if you decrease the price of peanuts, then the immediate response, perhaps that year, is only a slight increase in consumption. I think that over time, however, with a slightly lower priced peanut, you would have an expansion of your market.

I might point out that the purpose of this bill is not to reduce the level of support. We have put things in the bill which up it.

Another provision is that when it is determined to handle the diversion through diverting the lower quality edible shelled peanuts, the price which would be paid the shellers for these lower quality peanuts would be not less than 100 percent of the market price and not over 110 percent of the market price of the lower quality shelled peanuts.

The purpose of this provision is to get a workable program of diverting lower quality shelled peanuts. We have seen from the experience of the last few years that the Secretary is unwilling, without legislative direction, to set a price on lower quality shelled peanuts sufficiently high to result in an effective diversion program of these lower quality peanuts, even in the face of acute surpluses. We have seen good quality farmers stock peanuts being diverted into crushing into oil and meal, and lower quality shelled edible peanuts going into the edible trade.

I feel the Department needs legislative guidance on this matter.

Another provision is that the conversion table which is used for determining the percentage of parity support would be changed for peanuts so peanuts would conform to the present standards for corn, wheat, and rice. The effect there would be to lower the support. It

would be more than offset, however, by the provision which I discussed with your earlier.

Another provision in the bill is that the peanuts would be supported on a uniform support per 1 percent sound mature kernels for all types, with a premium for the extra large Virginia-type peanuts and for the Valencia-type peanuts which are suitable for cleaning and roasting.

The purpose of this provision is to bring about equality between the various types of peanuts. The southwestern area has seen a severe loss of market to peanuts from other areas, and a major factor here has been that the Department has tended to price us out of the market.

Just to show you what I am talkiug about, when I speak of a sound mature kernel I refer to a standard of quality of kernels in the farmer's stock peanuts. So the 1 percent sound mature kernels in a ton of peanuts would be 20 pounds of sound mature kernels.

From 1951 through 1955, the Department had the same support per 1 percent sound mature kernels for runner peanuts and for Southwest Spanish. Then in 1956 the Department created a spread between Southwest Spanish peanuts and runner peanuts produced in the southeast area, so the Southwest Spanish were 5 cents higher.

That hurt.

Then in 1957, the Department increased this 5-cent spread to 8 cents.

Frankly, we feel, gentlemen, that the Department needs some legislative guidance on this matter. May I insert this table showing the support price by types per 1 percent sound mature kernels per ton of farmers stock peanuts?

Mr. McMillan. Without objection, it may be inserted in the record at this point.

(The table referred to follows:)

Peanut price support per 1 percent sound mature kernels per ton by farmers' stock, by type, by year, 1951–57

[In dollars]

Crop	Virginia	Runner	Southeast Spanish	Southwest Spanish	Valencia
1951	$3.50	$3.20	$3.30	$3,20	----------
1952	3.60	3.30	3.40	3.30	----------
1953	3.60	3.30	3.60	3.30	----------
1954	3.70	3.40	3.50	3.40	----------
1955	3.70	3.40	3.50	3.40	----------
1956	3.28	3.15	3.25	3.20	$3.42
1957	3.19	3.06	3.18	3.14	3.34

Source: Oils and Peanut Division, CSS Program Analysis Branch, May 26, 1958.

Mr. Abbitt. You are actually talking about an artificial differential which the Department has set up among the types of peanuts. As I understand it, if a producer is selling Spanish peanuts, under the price support program the buyer must pay 8 cents more for each 1 percent sound mature kernels per ton than he would pay for runner.

Mr. Reagan. That is right.

Mr. Abbitt. That is under the present practice.

Mr. Reagan. That is right, sir.

Mr. Abbitt. While the Department quotes peanuts as such at a certain price per ton, they establish certain differentials as between the types, as I understand it.

Mr. Reagan. That is right.

Mr. Abbitt. You are trying to eliminate in this bill the artificial differential which has been set up, is that right?

Mr. Reagan. That is right, sir.

Mr. Abbitt. So the manufacturer will use Spanish peanuts for peanut butter and buy them on the same basis, in the same market, and with the same competition as the Virginia peanuts for peanut butter or Georgia, Alabama, or Southeast peanuts for peanut butter. Is that the purpose of that provision?

Mr. Reagan. That is right, sir.

Mr. Abbitt. So peanuts for the same use can be competitive on an equal and fair basis.

Mr. Reagan. That is right, sir.

I might point out what has actually been happening over the years with respect to the use of runner peanuts and Spanish peanuts in peanut butter. In 1946–47 marketing year, only 92 million pounds of shelled runner peanuts were used in making peanut butter. By 1956–57, the use of runner peanuts in making peanut butter had increased to 177 million pounds. In sharp contrast, the use of Spanish peanuts in peanut butter decreased from 175 million pounds to 105 million pounds during the same period.

The fine quality, plus the low prices of runners, have caused peanut butter manufacturers to favor runner peanuts to the serious detriment of Spanish peanuts.

Sir, I have just one more point.

This bill provides that the Department of Agriculture in carrying out the peanut price support program will not enter into contracts, either directly or indirectly, with groups or their subsidiaries where such groups are also engaged in shelling peanuts and where such contracts are not available on the same basis to all shellers.

In other words, all that is being suggested in this provision is that all groups which are engaged in shelling peanuts be put on the same basis so no sheller will have a competitive advantage over another sheller as a result of the peanut price support program.

Sir, we feel this provision is simple justice.

Thank you, sir.

Mr. Abbitt. Doctor, will you explain how you are going to make this estimate? I think we should have that for the record.

Mr. Reagan. Yes. Thank you, sir.

The Secretary would determine each year the estimated amount of money which would be needed by areas to handle any surplus from that area. Then that would be broken down on a per ton basis of the peanuts being produced in that area. When a producer took his peanuts to market, a deduction would be made. The Secretary would designate someone as a collecting agency. The deduction would be made from the price paid the grower.

Let us say the deduction was $10, and the price agreed on between the sheller and the grower was $220. Then the price would be $220, the grower would get $210, and the sheller would turn in the $10 deduction to this pool which had been established. Then that would be available for paying the cost of the program. If the Secretary overestimated how much would be needed to be deducted so there re-

mained a surplus in the fund at the end of the year, then that would be taken into account in setting the deduction the following year.

Mr. ABBITT. Thank you very much.

Mr. MCMILLAN. Thank you, Dr. Reagan.

Mr. Rawlings, will you take the stand and explain the difference between your bill and the Burleson bill.

Mr. ABBITT. Mr. Chairman, I would like to say Mr. William D. Rawlings is executive secretary of the Virginia Peanut Growers Association. I have known Mr. Rawlings for many years. He is a dedicated agriculturalist. He knows the peanut program better than anybody else in our area. I am delighted to see him here, and I know he will contribute materially to the information which we will need in developing information on this current legislation.

STATEMENT OF WILLIAM D. RAWLINGS, EXECUTIVE SECRETARY, ASSOCIATION OF VIRGINIA PEANUT AND HOG GROWERS

Mr. RAWLINGS. Mr. Chairman and gentlemen of the committee: My name is William D. Rawlings. I am executive secretary of the Association of Virginia Peanut and Hog Growers, and I am a producer myself.

My time before the committee this morning I want to spend discussing in some detail H. R. 12566 which was introduced by Congressman Abbitt.

At the outset, I would like to make it clear that the growers of Virginia and North Carolina have never had any intention of asking that a peanut bill be reported out of this subcommittee or the full committee as separate legislation. We recognize full well the hazards which have been pointed out here this morning by people who are genuinely interested in the peanut program as we are.

We have made every effort that we knew how to make to get a complete understanding among grower interests in all three areas. I believe Mr. Wilson mentioned the fact that back in November 1957, the grower associations in Virginia and North Carolina actually took the lead in calling a meeting with representation from the other 2 areas in Atlanta, Ga., and we had a very construction 2-day meeting there.

Later there was another meeting of the same two grower associations, inviting in the grower representatives from the other areas, here in Washington. At that time a little more differences of opinion had developed than were manifest at the Atlanta meeting.

We of course recognize the hazards of an attack on the peanut program as has been mentioned here, but our growers feel very strongly that we have a real responsibility to mend our fences and get our program in a more defensible position and not wait until a late hour when we are called over and are under attack again.

We do not think we have a bad program as it is set up now, but we feel there are areas in which there can be very constructive improvements in the program which will put it in a much more defensible position if and when the opponents of the program seek to attack it again.

We certainly do not want to leave any impression that we want to provoke or be a party to or countenance any fighting among the grower representatives from the three areas.

We are not wedded to the specific details of any bill. We say that our growers support very strongly the principles embodied in the bill H. R. 12566, and we feel if and when an overall farm bill, I believe generally referred to as the omnibus bill, is reported out by the Agriculture Committee, we would be derelict in our responsibilities to our growers if we did not bring before the committee a constructive proposal to see that the peanut program was improved as best we could.

At least if the bill introduced by Congressman Abbitt and the bill introduced by Congressman Burleson can serve as a vehicle to eliminate completely the areas of disagrement and differences of opinion, we feel we are making some progress. We stand ready and willing to cooperate and to work as hard as we can with the people from any area to that end.

As far as we can see, H. R. 12566 does not contain any provision which would serve to give one area any advantage over the other. Quite frankly, there are areas of improvement in the legislation which our growers feel pretty strong about.

We had it in some earlier drafts of legislation which were discussed at the meetings with growers from all three areas. We went back home and asked that they be pulled out. We feel that we pulled out the ones to which most objection was voiced, not because we do not think they would be fair and equitable, but in a genuine and sincere effort to bring about harmony among all three areas, which recognize is so necessary.

On H. R. 12566 there are about four major points. I shall be just as brief as I can on them.

The No. 1 point is that it changes the allowance carryover in computing normal supply from 15 to 25 percent. That is the provision Mr. Reagan went into in some detail. The only difference between Congressman Burleson's bill and Congressman Abbitt's is a difference of two points there. I do not see that that is any major stumbling block insofar as getting together on that point.

I would like to point out and reemphasize that this is purely an effort to get the legislative allowance carryover in line with the established practices of the trade. During the last 5 years the industry has averaged as of the beginning of the marketing year, which is August 1, carrying over 21 percent of the normal consumption, exclusive of CCC inventories, which have been heavy in several of the last 5 years. It is conservatively calculated that with reasonable or more realistic CCC inventories, the industry itself could easily average a carryover of 25 percent as of August 1. That is necessary to keep the pipelines of industry open until the new crop becomes available.

The second point eliminates from the computations of supply percentages any inventory which may be held by the CCC. The purpose of this provision is to permit the carryover of reserve stocks of peanuts in good crop years which can then be offset by a reduction of quotas in subsequent years without having the carryover reduce the level of price support. That is the main purpose of that provision.

The third point is to fix the quota at 105 percent of normal supply. We feel that is necessary as a safeguard against a possible short crop. We all understand that weather is a factor which is impossible to estimate. We may come up with a crop which is so many tons above normal or so many tons below.

We feel a cushion of 5 percent, a quota which would provide 105 percent of the estimated requirements, is no more than a necessary safeguard against a short supply and the resulting bad effects that it has on the market.

Mr. ABBITT. How does that change the present law?

Mr. RAWLINGS. No cushion is allowed. I shall get to that point next. Frankly, under the present law we have a minimum national allotment of 1,610,000 acres, which with our trends in yields is producing roughly 10 percent more peanuts than there is need for. As long as we know that the quota with anywhere near normal yield will produce more peanuts than there is a consuming market for, there is no need for a 5 percent cushion.

But when we get to the next point where it is proposed to reduce from the minimum of 1,610,000 and the quota is set more accurately and realistically in line with estimated demand, then you get to the need of a cushion to safeguard against short supply.

Mr. ALBERT. We would not put any minimum acreage in the statute; is that right?

Mr. RAWLINGS. Yes, sir, Congressman Albert. We are proposing that we still have a minimum national allotment, but that it be set at a figure 10 percent below the present minimum, and further provide that the national allotment cannot be reduced by more than 5 percent in any one year. So if the present calculations, as we understand them from the people in the Department, are correct, it would take about a 10 percent reduction in the national allotment if we were to set this thing pretty much in line with demand; it would take a 5 percent reduction for 2 years to approach that.

We cannot tell conclusively what course this trend in yields per acre will take. A major research is being conducted on that right now. Actually we are making rather phenomenal progress in increasing the yields per acre. That is what we are confronted with.

I think that question clarifies the next point I wanted to cover so far as reducing the minimum national allotment but not an outright repeal of it.

Mr. ABBITT. Your information from the Department and others is that the minimum allotment is slightly too much?

Mr. RAWLINGS. That is correct. In other words, we have made faster progress in yields per acre than in consumption. We made modest progress in increasing consumption, but our yield per acre has increased at a little faster rate.

Mr. ABBITT. You are increasing your production per acre more than you are increasing the consumption.

Mr. RAWLINGS. That is correct, sir.

The next major point, which I think consumes more space in H. R. 12566 than any other point, is a program which is intended to put the peanut program on a self-supporting basis and at the same time provide a continuing national fund for use in promoting the increased consumption of peanuts and peanut products. It provides that there will be a deduction from growers of not to exceed 10 percent for the first year, and thereafter 5 percent, in order to take care of four major items:

(1) The cost of diverting surplus quota peanuts;

(2) To pay for the administrative expenses of the three producer cooperative associations which administer the price-support

phase of the program under contractual arrangement with the Commodity Credit Corporation;

(3) To pay for the diversion of lower quality peanuts in years when there is a surplus, to pay the market price to the sheller in order to justify his diverting them rather than putting them into the edible trade and ending up with higher quality peanuts being crushed and lower quality going to the trade; and

(4) To be used for a national promotion program. The bill spells out that that program would be started on a modest basis, and any increase or pickup in it would be geared to proven results. The most that can be earmarked for that phase of the program would be three-fourths of 1 percent of the current support price for peanuts.

There is also a provision which states that in the event growers have accepted this phase of the program in a referendum—that is, the promotional and self-supporting phase—then the price-support schedule under our flexible support would range from 80 percent to 95 percent of parity instead of the present 75 to 90 percent, to partly compensate the grower from the deduction which will be made in order to pay for these diversion costs and to take care of the overall costs of the program.

They are the main points in this bill. The producers in our area feel the principles of this bill are sound. It is something we spent approximately 3 years considering at numerous meeting, not only in our area but with representatives from other areas.

We recognize there are conscientious differences of opinion. We certainly hope that the bill will serve as a vehicle whereby we can eliminate these areas of differences, to the end that we can come out of here with a constructive peanut provision in any overall farm bill which may be voted out.

I am not familiar in detail with that provision of the other bill, but I would say in general principle it is certainly for promotion. As I understand theirs, it is to promote foreign markets primarily.

Mr. Abbitt. Is the self-held based on favorable approval in a referendum?

Mr. Rawlings. Yes, sir. That whole phase of the program in this bill would not be operative unless two-thirds of the peanut growers throughout the United States voting in a referendum voted in favor of it. There is nothing mandatory about that phase of it. I would call it permissive legislation or enabling legislation.

Mr. Abbitt. So the self-help program would not go into effect and the deduction would not take place until and unless it was approved in a referendum?

Mr. Rawlings. By at least two-thirds of the growers voting in a referendum.

Mr. Abbitt. The purpose of that, of course, is to take the burden off the taxpayers and let the producers carry their own program, and also to put on a promotion program to increase the consumption of peanuts, at the same time limiting the amount that would be put in the promotion program.

Mr. Rawlings. That is right. We limit that with an upper limit of three-fourths of 1 percent of the current support price as the maximum limit. Of course, it could be a lesser figure as set by the Secretary.

Mr. ABBITT. Would you say the bill favors one particular area?

Mr. RAWLINGS. I very sincerely and conscientiously say that I believe everything we have previously discussed which might possibly be interpreted as being favorable to one area against another has been removed from this bill. We certainly welcome the opportunity to sit down and talk with anybody about any provision he thinks will give our people or anybody else an advantage over any other area which has not already existed.

Mr. ABBITT. In this bill, is the cost or the burden of the program to be carried by areas, or is the whole program all in one?

Mr. RAWLINGS. All in one. That is the difference between this bill and the bill introduced by Congressman Burleson.

Mr. ABBITT. In other words, you let all the deductions go into one pool, and that pool would carry the burden of the operation of the entire program.

Mr. RAWLINGS. Frankly, from a particular area standpoint, we would like the other provision better. That is an example of our leaning over backwards in order to remove a point of contention. Our growers are ready to go with it, although we concede there is a lot of merit in a slightly different proposal contained in the Burleson bill.

Mr. ABBITT. You would personally prefer an area program, but this bill consolidates it for the whole country.

Mr. RAWLINGS. That is right.

Mr. ALBERT. Did I understand you to say, Mr. Rawlings, that the Virginia growers would be interested in this bill being pushed at this session only as a part of an omnibus farm bill?

Mr. RAWLINGS. Yes, sir. We do not think it would be well advised to put a peanut bill out by itself. We would be fearful of that, sir.

Mr. ALBERT. Is this the only peanut legislation which your growers recommend that the Congress act upon during the present session?

Mr. RAWLINGS. Yes, sir; although we look with favor on a bill which is now pending, introduced by Congressman Matthews. We think it has a lot to commend it.

Mr. MATTHEWS. Would the gentleman yield at that point?

Mr. ALBERT. Yes.

Mr. MATTHEWS. It would be my purpose, if we could not get this legislation on the Consent Calendar—and I think the chairman agrees—we will not consider it. It is a minor corrective bill which the gentleman has approved, and I believe the Georgia producers and all the areas have approved it. I want to make it clear it would not be my purpose to push it unless we could get it on the Consent Calendar, after committee approval.

Mr. ALBERT. This bill would be your idea of the peanut title to a general farm bill?

Mr. RAWLINGS. Yes, sir.

Mr. ALBERT. Do you feel that the need for peanut legislation of this kind is pressing enough to jeopardize the chances of the cotton section or the wheat section of that bill, cotton and wheat being in more trouble than peanuts at the present time?

Mr. RAWLINGS. Frankly, I am not familiar enough with those particular commodities.

Mr. ALBERT. If cotton does not get a bill, they are out of business.

Mr. RAWLINGS. We certainly do not want to put anybody out of business. What worries us is that we have been all but put out of business once or twice. Members of this committee and other friends in Congress have gone right down to the wire with us on it. We feel it is much better to mend our fences and get our program in a more defensible position before that crowd hops on us again. We feel very strongly about that.

Mr. ALBERT. Thank you. I just wanted to get your position.

Mr. SMITH. Do I understand your position to be that the peanut growers are in favor of reducing acreage and increasing the price rather than increasing the acreage and lowering the price?

Mr. RAWLINGS. I do not think the peanut growers, certainly in my area, have ever been in favor of increasing the acreage and lowering the price.

Mr. SMITH. You know a lot of grain producers got in trouble by thinking they could cut down the acreage and increase the price. Now we seem to see a tendency to want to lower the price and increase the acres.

Mr. RAWLINGS. We have taken a very severe reduction in price in addition to the cutdown from the 90-percent level. We were affected more severely on the shift from the old parity formula to the modernized parity formula than any of the other basic commodities.

We already have had a lot taken out of our hide, pricewise, in addition to what happened to us in going from 90 to 81.4 or 82, sir.

Mr. SMITH. I have heard this phrase "under attack," both from you and from the other gentlemen who testified. Am I to understand that to mean under attack of the manufacturers of peanut products? Is that what you mean by "under attack"?

Mr. RAWLINGS. Primarily from a segment or group of manufacturers of peanut products. All the manufacturers of peanut products have not been associated with the group which pulls the string on us every now and then, but that is where the hub of it comes from, sir.

Mr. SMITH. That is all, Mr. Chairman.

Mr. MCMILLAN. You have made an excellent witness, Mr. Rawlings. Thank you very much.

Mr. RAWLINGS. Thank you, sir.

Mr. Randolph, president, Alabama Farm Bureau Federation.

Mr. Randolph has to appear before the Senate tomorrow, and will not be with us if we continue tomorrow.

The committee will be glad to hear any statement you care to make, Mr. Randolph.

STATEMENT OF WALTER L. RANDOLPH, PRESIDENT, ALABAMA FARM BUREAU FEDERATION

Mr. RANDOLPH. Mr. Chairman and gentleman of the committee, my name is Walter L. Randolph, and I am president of the Alabama Farm Bureau Federation. I am testifying for that organization, which has a substantial membership of peanut farmers in the peanut growing area of Alabama.

I called a meeting on March 27, 1958, at Ozark, Ala., of the peanut growers in the peanut-growing counties of Alabama. We have about

14 counties which grow considerable acreages of peanuts. I want to read to the committee part of a resolution which was adopted at that meeting after studying a previous draft of the bill by Congressman Abbitt.

Whereas the peanut producers of Alabama, in a meeting at Ozark, Ala., March 27, called by the Alabama Farm Bureau Federation, believe, after thorough discussion and study, that the proposed legislation on peanuts by the Virginia and North Carolina peanut associations appears to be most untimely; and

Whereas the peanut problems of all areas are more or less the same and these problems should be thoroughly studied and discussed before any changes are made in the now existing law and in this proposed legislation we find many areas of disagreement and because of the many uncertainties involved: Therefore be it

Resolved, That it is the opinion of this group of producers, representing the growers of Alabama, that no legislation of any kind should be introduced in the Congress at this time; and be it further

Resolved, That attempts be made to work out differences and if any effort is made to present any bill to the Congress on peanuts at this time the Southeast area would be compelled to vigorously oppose such legislation.

That is very similar to a resolution adopted previous to that time by a similar meeting in Georgia.

Mr. McMillan. Mr. Randolph, was that resolution drawn up after the provisions of the Abbitt bill were removed as mentioned by Mr. Rawlings?

Mr. Randolph. No, sir. This was adopted on March 27, 1958. I don't know just when the bill was revised. I think it was after that. The bill is dated May 20. I wanted to explain that the revision of the bill does not remove the objections which were voiced by this resolution. I want to go into those in just a few minutes in detail. The resolution states the general position of the peanut growers in Alabama on peanut legislation. We had at that meeting also the board of directors of the Alabama Peanut Producers Association. Mr. H. H. Knowles, the president of that association, is in the room, and also Mr. Grady Dunn, a member of the board of directors of that association, is here. They were present also at that meeting.

I shall be as brief as I can, Mr. Chairman.

We have about three principal objections to the legislation, although we have really more than that. No. 1, as we state in the resolution, we do not think this is the time to pass peanut legislation. Second, we do not see any need for any additional peanut legislation at this time. If we did see need for it, we consider this bill objectionable and discriminatory to Alabama producers.

The principal objection is section 2. I will take it the way Mr. Rawlings explained it. Mr. Rawlings said this provided for a 10 percent reduction in the allotment one year. It could be a total of 10 percent, but it doesn't read that way, Bill. Is that right?

Mr. Rawlings. That is what it is intended to mean. We may have made a mistake. I don't know.

Mr. Randolph. Be that as it may, it is either 5 or 10 percent reduction in the national allotment. As is well known, there is a provision in the act now which has been referred to here previously, under which if any type of peanuts is found to be in short supply under certain rules in the bill, the allotment can be increased for that type of peanuts.

Mr. Chairman, we have the feeling that, whatever the intention of the sponsors of this bill was—and I have no doubt of their sincerity,

and so on—the effect of this would be to move acreage from Alabama and Georgia and Florida to North Carolina and Virginia, and we object to that, naturally, because you would cut the national allotment and then, if you found the Virginia-North Carolina type of peanuts in short supply, you would simply add on there.

Cutting the national allotment would tend to cut the supply and create a shortage. Consequently, we consider the principal purpose of this bill is to provide simply a device to move acreage from one area of the belt to another area; that is, out of our area into the area commonly known as the Virginia peanut type. That is our No. 1 objection.

No. 2, we object to the promotional portions of this bill. We believe in promotion and advertising peanuts, but in Alabama we have organized an association, the Alabama Peanut Producers Association, and under that association this last year $1 per ton was deducted from farmer's stock peanuts and we created a fund under which we are now carrying on, as Mr. Knowles will tell you in more detail when he testifies, I am sure, what we think will be a very effective program in public relations and promotion for peanuts. We would prefer to do that ourselves rather than have it under the Government, with all the redtape and supervision we would have to be under if we had a Government program.

John Duncan I am sure will say a movement similar to that is on in Georgia. One of the Congressmen from Georgia mentioned that.

We hope we shall be able to join with them. They produce a lot more peanuts than we do, and carry on a very fine program of that kind under the control of the peanut growers themselves. Therefore, we do not see any need for that part of this bill from our standpoint. I think Florida would join with us in that.

A similar thing could be done in other peanut areas.

The point was made that producers would pay the fees collected under this act. I do not believe that is quite true. I think actually the support price would be raised and the consumers in general would pay this amount. I think in the first year they would pay half of it, and thereafter all of it. There is a 10 percent deduction in the first year, and 5 percent thereafter. Then it provides for raising the support level on peanuts 5 percent.

However, that is not too serious a point. I did not mean to make a big mountain out of that. If somebody is going to pay it, I suspect our growers would just as soon the consumers would pay it. However, that does raise a question on just what effect price has on the consumption of peanuts.

Mr. Chairman, I have not had an opportunity to study the bill as presented by Mr. Burleson of Texas, because I received a copy only this morning. There are 2 or 3 things about it which I have noticed, however, and on which I should like to comment.

It contains something new to me in farm legislation, which I have been watching for quite a long time. I refer to the provision in here that because you underplant your allotment you get an increase in your allotment. I do not see any justice or sense or equality in that provision. We do have a provision in the Peanut Act now which is a very fine one, I think, under which allotments are not lost by States because of underplanting. I think that goes far enough.

The point is that because you underplant peanuts in a certain area, you will get an increase which presumably would come off the other States as far as I can tell. It might not. It might be added on. Either way, it would be undesirable.

I am critical of that particular part of the Burleson bill. I have not had time to study the remainder of the bill sufficient to make further comment, except that the latter part of the bill by Congressman Burleson, title V, of course is somewhat similar to the provision of the Abbitt bill.

Mr. McMillan. Mr. Randolph, I notice we have Mr. Dunn and Mr. Knowles from Alabama also scheduled to testify. Do they represent you in their statements?

Mr. Randolph. I am sure there will be no disagreement between Mr. Knowles and Mr. Dunn and me. We are all representing the same program.

Mr. McMillan. Thank you very much.

Mr. Randolph. I have not been able to study the differences in title V, which is in both bills. They seem to be similar.

The main point I want to make is that we oppose this legislation as strongly as we know how to do. We hope it will not be enacted into law.

Mr. McMillan. Mr. Randolph, we are always delighted to have you appear before our committee. I know the other members of this subcommittee join with me in that statement. Thank you very much. Without objection by the chairman I should like to insert at this point the statement of the South Carolina Farm Bureau Federation, Inc.

(The statement referred to is as follows:)

South Carolina Farm Bureau Federation, Inc.,
Columbia, S. C., June 4, 1958.

Hon. John L. McMillan,
Member of Congress, House Office Building,
Washington, D. C.

Dear Mr. McMillan: Please insert in the record this statement as the position of policy of the South Carolina Farm Bureau Federation with respect to H. R. 12545 and H. R. 12566.

We oppose both these bills for the reason that we do not believe that the national allotment for peanuts should be reduced in order to permit producers to petition for an increase by type.

We produce both the Virginia and Spanish type peanuts in South Carolina and we do not believe that producers of either type should be privileged to have an increase in allotments at the expense of producers of the other type.

We urge that you oppose both these bills.

Kindest regards.

Yours sincerely,

E. H. Agnew, *President.*

(Off the record.)

Mr. McMillan. The committee stands adjourned until 4:30 p. m. this afternoon.

(Whereupon, at 12 noon, the subcommittee adjourned, to reconvene at 4:30 p. m., of the same day.)

AFTERNOON SESSION

Mr. McMillan. The committee will be in order.

Mr. Abbitt. I would like the record to show that Mr. J. L. White, president of the Virginia Peanut and Hog Growers Association is here, and so is Mr. Delman Carr, chairman of the Virginia ASC Committee.

Mr. McMillan. Mr. Sugg, do you care to make a statement at this time?

STATEMENT OF JOE S. SUGG, EXECUTIVE SECRETARY OF THE NORTH CAROLINA PEANUT GROWERS ASSOCIATION

Mr. Sugg. Mr. Chairman, Mr. Marcus Braswell, president of the North Carolina Peanut Growers Association is here, and he is my boss, and I think it would be presumptuous if I would say anything than to say I would like him to make a statement for us, and I would like to have the privilege of sending a prepared statement at a later date if it seems advisable.

Mr. McMillan. What is his name?

Mr. Sugg. Marcus B. Braswell, president of the North Carolina Peanut Growers Association.

Mr. McMillan. Mr. Braswell, we will be glad to hear from you if you care to make a statement.

Mr. Braswell. Thank you, Mr. Chairman and members of the committee.

STATEMENT OF MARCUS B. BRASWELL, PRESIDENT, NORTH CAROLINA PEANUT GROWERS ASSOCIATION

Mr. Braswell. I want to reiterate those things that Mr. Rawlings said this morning to assure the committee that in our discussion of proposed legislation with the North Carolina nad Virginia group we have not at any time proposed to introduce separate peanut legislation, to throw it out by itself so it would be a target for controversy. We have been quite cognizant of the precarious position of the peanut program and have attempted, by working with other areas as closely as we knew how, to get a proposal which could merit the consideration of this committee. We had hoped that by so doing we could get the constructive criticism of other areas, mindful always that several heads and the thoughts of many areas are often better than one.

We do not believe that we have in this bill, proposed bill, many controversial issues. I have been somewhat amazed at some of what I think were contradictions that have developed during the testimony so far. We believe that most of those things that were controversial in the beginning have been removed from this bill.

I see no reason to go into detail at this time with all of the other testimony that has been given. At a later date if it seems necessary or desirable we would be quite pleased to do so.

Mr. McMillan. The committee will be happy to have you and Mr. Sugg file a statement for the record if you desire.

We are happy to have you here today, Mr. Braswell. I remember you very pleasantly when you were down at the Department of Agriculture, and how helpful you were on several occasions.

We have Mr. Preston, Representative of Georgia, with us. Would you like to make a statement at this time, Mr. Preston?

Mr. PRESTON. Mr. Chairman, I would appreciate an opportunity to make a brief statement.

Mr. MCMILLAN. You may proceed.

STATEMENT OF HON. PRINCE H. PRESTON, A REPRESENTATIVE IN CONGRESS FROM THE FIRST DISTRICT OF THE STATE OF GEORGIA

Mr. PRESTON. I am Representative Prince H. Preston from the First District of the State of Georgia.

Mr. Chairman and members of the committee, I just returned at 1 o'clock today from Georgia, and was not aware of the fact that this legislation was up for a hearing. I have not studied the bill carefully, but have been informed of the general nature of the bill and the general objective of the bill. I certainly want to say to the committee that without any reservation on my part, with the limited knowledge I have of the contents of the bill, but being familiar with its objective, I am unalterably opposed to it. I think it would be a grave mistake at this time for us to open up this question of peanut allotments during this session of Congress.

Based on the experience I have had in past years in the House, I am convinced that we would certainly invite a disastrous attack upon the peanut program. We have had some experience with that in the past, and I may say it was not exactly pleasant.

It was my understanding that perhaps we were not going to go into this matter of allotments this year, but if this is going to be the policy, to bring legislation up on this question of peannts, I think in fairness we should certainly go into the question of tobacco acreage, because I believe we can make out as good a case as the peanut people say they can make out on this bill. I think it would be a mistake to do either at this time.

Now there is certainly nothing in my feelings about this matter that would reflect any unkindness toward these gentlemen who sponsor this legislation. In fact, they are among my very best friends, and it is not a pleasant matter to oppose a bill offered by one who has my admiration, as does the sponsor of this legislation. He is certainly one of our great Representatives, and I respect him and admire him tremendously. But when a bill is introduced, even by a good friend, that goes against the consensus of the people of my State, the peanut growers of my State, and goes against the unanimous opinion of those people, then I feel it my responsibility to make that sentiment known, as it has been made known to the committee by other members of the Georgia delegation. And for that purpose and for that reason I do come today to emphasize the position of the Georgia growers and Georgia shellers on the question under consideration of changing the allotment figures for peanuts.

Mr. MCMILLAN. We have also the bill introduced by our colleague, Mr. Burleson of Texas, which is almost the same as the one that Mr. Abbitt introduced. I do not know if you have had time to read both of them.

Mr. PRESTON. No. As I say, I just got back from Georgia and was not aware of the fact Mr. Burleson had introduced a bill. I would make the same statement regarding my affection and appreciation for Mr. Burleson as I would about the gentleman from Virginia, Mr. Abbitt, but I think Mr. Burleson in this instance is just as wrong as my dear friend, Mr. Abbitt, is in offering this legislation.

The hour is late in this session, Mr. Chairman. We have our hands plumb full of difficult legislation to deal with. I shudder when I think about the votes that are coming up between now and adjournment, and I tell you I do not like the idea of inviting other difficult matters to come to the floor when we are getting along well with the program that we have. We have been most fortunate in the peanut program. It is a necessary program. And I think it is flirting with trouble to consider taking this matter to the floor during this present session of Congress. And I certainly hope this committee in its wisdom will not bring this bill out, because it could better be considered at a later time when everyone would have more opportunity to consider it and be heard. It is up on rather short notice, Mr. Chairman.

I thank you for giving me this opportunity to register my objection to the legislation.

Mr. MCMILLAN. We are certainly always happy to have you come before our committee, and if you care to make another statement before the hearings are closed, we would be glad to have you do so.

Mr. PRESTON. Thank you, Mr. Chairman and gentlemen.

Mr. MCMILLAN. Thank you very much.

Mr. John Duncan.

STATEMENT OF JOHN DUNCAN, PRESIDENT, GEORGIA FARM BUREAU FEDERATION

Mr. DUNCAN. Thank you, Mr. Chairman.

Let me first say that I am president of the Georgia Farm Bureau Federation, and I am also a farmer, and I have never done anything but farming, and I am speaking today from the producer viewpoint of this bill.

I would like to say that following me we have former Congressman Pace and Mr. Turner, who will testify a little more in detail as to the bill.

I would like at this time to make just two or three observations on some statements that were made this morning.

The first one is concerning the meeting in Atlanta.

It was stated here this morning that all sections agreed in Atlanta last November on a proposed legislation for peanuts from Georgia.

From Georgia, we had only one producer at that meeting, a farmer.

As soon as the farmers heard about it, we called a meeting. It was attended by farmers, from every county in Georgia producing peanuts.

Also Florida was invited and they were well represented there and it was adopted unanimously by the growers of Florida and Georgia that we would approve this legislation.

Our resolution was carried on to Alabama, and Mr. Randolph made the statement this morning as to what action was taken in Alabama by the farmers over there.

The second thing I would like to bring out is that we in Georgia will vote on June 24 on our commodities authority bill, which will give the farmer a right, privilege, to have deducted out of his peanuts $1 a ton for promotional and the research end of his peanut program.

We feel in Georgia that we farmers have got to start doing something about the situation ourselves. Alabama has already adopted their $1 a ton deduction.

And, by the way, I have a letter from the chairman of the peanut committee in Florida stating that they will have the same thing next year. We feel in the Southeast that we can do a better job down there than we could on a national level on the promotional end of it.

We feel that if the Virginia-Carolina area and the Southwest area would follow in our footsteps in trying to solve their own problem within their area, that we would all be much better off.

There is another thing I would like to say concerning the getting end.

My personal feeling is—and I think the rest concur with us in our section—that the purpose behind the whole thing is to move peanuts out from the Southeast, to move them into the Virginia-Carolina area or the Southwest area.

Now, as far as surplus is concerned, Mr. Turner will comment on that a little bit right after me.

But we have a very serious problem in Georgia confronting us in tobacco. I mention that, and in only a minute I will take that up.

As Congressman Pilcher mentioned this morning, we only put in stabilization last year six-tenths of 1 percent of our tobacco.

Carolina put 21 percent. Our tobacco brought 4 cents a pound.

Mr. McMillan. Which Carolina are you talking about?

Mr. Duncan. North Carolina.

Yes, sir; I see now why you asked that question.

In Georgia, our tobacco brought 4 cents a pound untied more than Carolina's tobacco did tied.

What I am trying to say is this: The bigger concerns, the tobacco buyers, tell us that Georgia could grow twice the tobacco they are growing and have a ready market for it.

We have a problem holding our farmers in line down there. They cannot understand why we do not introduce a bill up here on tobacco—exactly what the Virginia-Carolina boys are introducing on peanuts.

We have a very clear case, a more substantial case, on tobacco than they do have on peanuts. We are able to hold our farmers in line on tobacco. But if it once gets started, moving allotments from one area to another, depending on the surpluses and demands and supply, why, we might just as well get started on tobacco as any other crop.

Mr. McMillan. We have the same problem in South Carolina.

Mr. Matthews. Mr. Chairman, would the gentleman yield?

I would like to say the same thing about Florida——

Mr. Duncan. You have that same thing in Florida.

You know, in Douglas, last year, the farmers met from Florida and Georgia and voted overwhelmingly to pull out of stabilization and form their own stabilization, because the Carolinas were flooding the market with undesirable tobaccos.

And we are able—we are doing all we can down there on this tobacco to keep them satisfied that it is not the thing to do.

We are getting 90 percent of support on it, and we feel that once you break the line on peanuts, we are going to be compelled to do something about the tobacco situation.

Another thing, the last thing that I would like to bring out, is this: That, while we mentioned the self-supporting program, there was testimony given this morning saying that this was a self-supporting program, and that the farmers were supporting it. We are really doing that. We are trying to do exactly what was brought out this morning in Georgia, Alabama, and next year in Florida.

But I do not see how this bill is doing that, because on page 9 of the bill it says the percentages of the parity shown therein shall be increased by 5 percent.

Well, when you increase the peanuts 5 percent, someone is going to have to pay for it, someone up the line is going to have to pay for it. So, it is really not as self-supporting as it seems to be.

I appreciate the opportunity of appearing before you all this afternoon, and that is all I have to say.

Mr. McMillan. Thank you very much.

Mr. Abbitt. For the record, Mr. Chairman, let me ask—I was interested in what was stated here this morning that they had a meeting down in Atlanta, Ga., and I understood you to say there was only one producer there from Georgia.

Mr. Duncan. That is right.

Mr. Abbitt. According to the minutes I have here, H. O. Wingate was there.

Was he president of the Farm Bureau?

Mr. Duncan. Now, Mr. Wingate went out about 2 days—I believe that meeting was 2 or 3 days. I was right in the process of taking office, and he was in the process of going out. Now if you wish to call him a farmer, I will concede that there were two there: Mr. H. B. Wilson was there.

Mr. Abbitt. Mr. Locke?

Mr. Duncan. I do not believe I know the gentleman.

Mr. Abbitt. Also from Georgia.

Mr. McDowell, Georgia Farm Bureau?

Mr. Duncan. Who is he?

They certainly did not represent the Georgia Farm Bureau.

Mr. Abbitt. You say Mr. Wingate represented——

Mr. Duncan. Yes, sir. He represented the Georgia Farm Bureau, and we would have to class him as a farmer. I would like to correct that, please.

Mr. Abbitt. I see.

Now, you say you favor the self-help by States? You say you favor a self-help program by States?

Mr. Duncan. Well, I say in Georgia that is what we are undertaking; yes, sir.

Mr. Abbitt. I understood you to say that you favored it on that basis, rather than on the entire peanut producers—or did I misunderstand you?

Mr. Duncan. I think I said it on area. We certainly plan, maybe, to go in with Alabama and Florida on that self-help program.

Mr. Abbitt. Do you stand with the American Farm Bureau or not?

I do not know, but I understood when they testified here on this

checkoff, they were very much opposed to doing it on an area basis. They said it ought to be done on a whole.

Are you in line with that?

Mr. DUNCAN. Mr. Abbitt, I am speaking for the Georgia Farm Bureau now.

Mr. ABBITT. You do not go along with the American Farm Bureau on this?

Mr. DUNCAN. I do not say that, sir.

Mr. ABBITT. I am just asking you: How do you stand with the——

Mr. DUNCAN. I am not familiar with that.

Mr. ABBITT. But you know where they stand on it?

Mr. DUNCAN. No, sir; I do not.

Mr. ABBITT. Now, I did not catch—I wish Mr. Poage had been here—but you keep talking about the movement of acreage in tobacco.

What has that to do with this bill, the shifting of acreage?

I just did not follow you, and I want to catch what you are talking about.

Mr. DUNCAN. It is our opinion, and it is my personal opinion, that what is behind the bill, or it is not in here now, but it has been here, until I saw this bill the first time the other day, a 5 percent reduction on allotments, and the reallocation of your allotment of peanuts according to type of peanuts.

Mr. ABBITT. Which bill are you talking about?

Mr. DUNCAN. I am talking about the Virginia-Carolina bill.

Mr. ABBITT. You are talking about H. R. 12566?

Mr. DUNCAN. Yes.

Mr. ABBITT. Are you in favor of keeping national minimum allotment higher than needs and demands in trade?

Mr. DUNCAN. We do not think it is too high.

Mr. ABBITT. You do not agree with the Department when they say it is too high?

Mr. DUNCAN. No, I do not.

Mr. ABBITT. Assume it is too high. Do you favor reducing it to meet the needs and demands of the trade?

Mr. DUNCAN. I do not quite get your question.

Mr. ABBITT. Assuming for the sake of argument that the minimum allotment is too high and producing a surplus, are you in favor of bringing the program in line to meet the needs and demands of trade?

Mr. DUNCAN. I think we should be giving a chance to this new program. We are putting in commodity authority in deducting so much a ton from the peanuts as they are brought in for sale. I think we certainly should give that program a chance to work before we do anything about it.

Mr. ABBITT. Of course we have had this minimum allotment for many years.

Mr. DUNCAN. I see no need for reducing the minimum allotment.

Mr. ABBITT. That is what you are talking about when you mention moving acreage? I did not catch what you were comparing with the moving of acreage, shifting of acreage?

Mr. DUNCAN. Here is what it is. It seems that some feel that we are contributing to the surplus of peanuts.

Mr. ABBITT. Sir?

Mr. Duncan. There is a feeling existing that Georgia and Alabama and Florida are contributing to the surplus of peanuts.

Mr. Abbitt. Certainly Mr. Matthews would not contribute to any surplus of peanuts.

Mr. Matthews. We do not agree to that, however [laughter].

Mr. Duncan. I am just saying there are some that think that. Well, we feel also in Georgia that the Carolina-Virginia—You are asking me what was behind my statement on moving acreage?

Mr. Abbitt. Yes, I just did not understand it.

Mr. Duncan. We feel that the Carolina area is contributing to the surplus of tobacco. Now you might not feel that is true. Where our tobacco is in demand in Georgia and Florida, and if you are going to allot according to surpluses, and where the supply is low and where the supply is in surplus, we feel it should work on tobacco just as well as it should work on peanuts. We do not think either one should be tampered with. We do not think tobacco should be tampered with, and we certainly do not think peanuts should be tampered with.
law—flue cured, and burley, and so forth—and every one of them has a separate program.

Mr. Duncan. I am talking about flue cured, type 14.

Mr. Matthews. If the gentleman would yield, I believe I could clarify that. Type 14 is grown in Florida and North Carolina. And we in Florida feel that our type 14 is a lot better than that grown in North Carolina.

Mr. Duncan. That is right.

Mr. Matthews. Now if Mr. Cooley were here he might disagree with me, but there are different kinds, and the type 14 is grown in different States, and we think it is different——

Mr. Duncan. That is right, about five different States.

Mr. Abbitt. I do not know about that situation, and I assure you if there was any bill that could improve the tobacco program, I would be mighty interested in it, as chairman of the Tobacco Committee, and would want, at the very earliest time possible, to have hearings on it.

Mr. Duncan. Mr. Abbitt, excuse me, but what I was trying to say is we have a situation in Georgia that is really critical on tobacco. We just had three district meetings to try to get our farmers satisfied with the tobacco program that we have now. And we feel the same thing should be true on peanuts. Let's not tamper with it. It is a good program. We feel it is a good tobacco program. But just as sure as this bill comes out on peanuts, there is no way in the world for us to explain to our folks in Georgia on tobacco why we could not introduce a tobacco bill moving more acreage from Carolina down into Virginia.

Mr. Abbitt. I do not follow you about moving acreage. It seems to me you are not worrying about what this does, you are worrying about what we might do next.

Can you show me wherein that mentions the transfer of acreage?

Mr. Duncan. You have in the present law, where the Secretary of course has a right, where there is a demand for peanuts——

Mr. Abbitt. Where there is a need.

Mr. Duncan. Yes, sir.

Mr. Abbitt. Not "demand" but "need."

Mr. DUNCAN. You have on page 2 here of your bill where your allotment will be cut 5 percent. Now Mr. Rawlings said that should not be any more than 5 percent——

Mr. ABBITT. In 1 year?

Mr. DUNCAN. In 1 year.

Mr. ABBITT. That is right.

Mr. DUNCAN. When you raise that allotment back again to one million six hundred ten, will you raise it back according to the type that is needed in the section where it is needed?

Mr. ABBITT. Well you are talking about if the Secretary exercises his discretion on the present law?

Mr. DUNCAN. Yes.

Mr. ABBITT. Don't you know that does not help history, it does not add to the future of the allotments? For instance, that law has been used several times since it has been on the books, and not one time—and I would like to be corrected if I am wrong—has it been used as history, or has it been used in securing additional allotment.

For that 1 year then, it has to be demonstrated there is a need for peanuts in that particular type and no need in the other type. Each type will get what is needed to meet the needs and demands of trade.

Now do you see anything so wrong in that? That has not shifted any acres; has it?

Mr. DUNCAN. If you will pardon me, could I let Mr. Pace, who will follow me, go into a little more detail on that?

Mr. ABBITT. I was just worrying about you being worried about shifting acres. I though maybe your people were misinformed, because if this shifts acres, I am not familiar with the shifting. And I assure you there was not any intention to shift acres in that bill.

I think, as a matter of fact, the type of legislation needing strengthening—I think it should be spelled out—it does not do it here, when the Secretary should make the additional allotment. But it was not intended to do that in this bill, and I assure you, as far as I know, there will not be any shifting of acres from one area to another under either one of the bills.

We will be glad to have Mr. Pace, as far as I am concerned, tell us what he thinks about it. I am not critical of your position, but I was just trying to explain our position, what we intended to do, and assure you I think you are maybe seeing someone in the tent who is not there—was not intended to be there.

Mr. MCMILLAN. Thank you, Mr. Duncan.

We are certainly honored and privileged today to have the former member of this committee with us, Mr. Stephen Pace, of Georgia. Mr. Pace had a part in writing about all of the farm legislation on the statute books today.

STATEMENT OF STEPHEN PACE, A FORMER CONGRESSMAN FROM GEORGIA

Mr. PACE. Mr. Chairman and gentlemen of the committee, may I first express to you very profoundly and very deeply, and I think I can say from the bottom of my heart, our thanks to you gentlemen for coming over here at this unusual hour to let us conclude this hearing. I know exactly the inconvenience that you have suffered, and I,

and those from the Southeast and I am sure from the other areas, appreciate it.

Mr. Chairman, it is a great privilege to appear before this distinguished committee and this subcommittee. It brings back, Mr. Chairman, many very fond recollections. After 1 term on the Military Affairs Committee, I sat here with you gentlemen for 12 long years, many, many very happy hours; many, many very interesting fights. It is good to be back for a day.

Mr. Chairman, I am speaking here as general counsel for the society, Eastern Peanut Association, and at the request of the president of the Georgia Farm Bureau on behalf of the growers of Georgia, Florida, and Alabama.

Reference has been made, first, to the matter of a separate bill, that they did not want a separate bill on peanuts, they wanted one in an omnibus bill. I was so attracted by the comments during the morning that as your distinguished colleague, the majority whip, left the Chamber at noon I asked him if he had any hope of getting a closed rule on the omnibus agriculture bill, and his reply was: Not the slightest.

So in my mind, I cannot see the distinction, if there should be a peanut paragraph or title in the bill, that the House could not, if it wants to, work on it for an hour or a day or a week, and surely determine its own will regardless of its being in an omnibus bill.

I want to make, as briefly as I can, a running analysis of the two bills which were presented this morning. In doing so, if any of the members of the committee have a question, I should like to have you simply lift your hands, and I will stop in order that there might be no misunderstanding as to what I should say.

Mr. Chairman and gentlemen of the committee, in my judgment there has never been a bill presented to the Congress as untimely as this legislation. I say that because throughout the years it has been my privilege to have an interest in the welfare of the peanut growers, and I have never known them to be in as complete a disagreement as they are in this hour.

Now reference was made this morning that what was being done by the proponents of this legislation was to perfect the program before it hit the floor and before the attack could start, and maybe there would be no attack if the Virginia-North Carolina bill should be enacted into law. Well, let's see whether there is a red flag in the legislation. It was said this morning that this is a plan for the growers, as I understood, to make the bill, the program, self-supporting. The bill provides—I am talking about the bill by the distinguished gentleman from Virginia—provides that the growers shall contribute 5 percent into a fund, 5 percent of the parity price into a fund, for promotion and so forth. The bill then says in its concluding paragraph, as I recall, that the support price is raised 5 percent of parity, which, in effect means that the grower will not himself make any contribution. It means that the price under the present support level will go up $13.10 a ton because the parity price now is $262 a ton. It means when you add the 5 percent for the grower to put into the pot, you raise the price of farmers' peanuts $13.10. It is estimated that that would increase the price of shell peanuts about $25 a ton. That is, the sheller is going to have to buy them, and pay this extra 5 percent,

which he will pay, and, in effect, keep and send to the Government because, I presume, that the buyers will receive the payment.

Then secondly, it was testified this morning, as I understood my distinguished Bill Rawlings, that section 1 of the bill amending normal supply and amending total supply would raise the support price on peanuts to 90 percent of parity. That was the statement as I heard it. The support price on peanuts today is 82 percent of parity. So this bill, when it hits the floor, if it should, is calculated to raise the support price 8 percent of parity, and 8 percent of parity is $22.96. Therefore, if the bill reaches the floor it will have the effect, according to my calculation, of raising the price of shell peanuts to be paid by the manufacturers by $47.96 a ton.

Is that going to quiet this opposition we have had as to peanuts being a basic commodity? If the manufacturers find out that this bill is, in round figures, raising the cost of peanuts $48 a ton, is that going to put them to sleep?

I repeat, Mr. Chairman, that due to the division among the growers, due to the impact upon the manufacturers, I cannot see anything at the end of this line but the high possibility that the peanuts will be knocked as a basic commodity in the entirety, and this bill is inviting such an attack.

Now, Mr. Chairman, it is also untimely, if you will permit me to say so, for two other reasons: One is for the last 9 months one of the nicest things that has happened in the peanut industry in a long time, the consumption of edible peanuts is going up. Since the first day of last August, until this hour so far as I know, the last report I had is not this late, there has been a steady and substantial increase in the consumption of edible peanuts.

Mr. ABBITT. Let me ask you this one question right there. It was testified here somewhere along the line that peanuts dropped from 90 percent of parity to 82 percent, and then when the new modernized parity went into effect that we took a still further drop of about 5 percent.

Mr. PACE. My dear sir, modernized parity—the few things that I did in my service here was to question that, and to bitterly oppose it. Modernized parity, so far as the peanut growers is concerned, has been very, very harmful.

Mr. ABBITT. That is what I am getting at. When they had that drop from 90 to 82, and then took a drop under modernized parity, did that reduce the cost to the consumer in the least?

Mr. PACE. Yes, sir; it did. And I am wondering, Congressman——

Mr. ABBITT. Have you got a pound of peanuts recently?

Mr. PACE. Sir?

Mr. ABBITT. Have you bought any ball park peanuts recently?

Mr. PACE. Oh, I thought you meant——

Mr. ABBITT. I said to the consumer. Has there been any reduction to the consumer?

Mr. PACE. I think there has been some in peanut butter, sir. I can't tell you about candy.

But I have wondered, Congressman, what that reduction in price, what effect that reduction in price, has had upon this increase in consumption? I do not know——

Mr. ABBITT. My thought was, and I may be wrong on that, there has not been any reduction to the consumer in candy, there has not been any reduction in the salted peanuts, on any form of peanuts, and I was just wondering if you agreed with me on that?

Mr. PACE. I know that I read the article by Mr. Suggs, and I know that he reported the fact that that is very fantastic, what they are getting for 15 peanuts in a little bag.

Mr. ABBITT. I did not mean to take you off the track.

Mr. PACE. That is all right.

There has been this increase, steady increase, in the consumption of shell peanuts. As has been mentioned here, the growers of Alabama have assessed themselves $1 a ton for every ton of farmers stock peanuts marketed. Last year they had terrific conditions, and instead of making a normal crop of 110,000 tons, they made 60. So that for last year it has put in about 60,000 tons, and in a normal year it puts in 110.

On the 24th day of June the farmers of Georgia will vote to assess themselves $1 a ton. That will produce normally about $300,000.

Mr. Cyril Boyd, as members of this committee know, who is vice president of the Farm Bureau of Florida, advised Mr. Duncan in the last 2 or 3 days he felt confident the Florida legislation would authorize $1 assessment in Florida. The 3 States of the Southeast will therefore have a fund ranging somewhere from $400,000 to $500,000 to do 2 things: For research to improve a better peanut and for promotion to expand the markets in the uses for peanuts.

Now they feel that if this committee today, or ever, comes behind that movement and repeals the 1,610,000-acre limitation, that they would have to throw up their hands.

Here is an increase in consumption by the manufacturers of peanut products. Here are the growers where one-half of all the peanuts produced in the United States are grown—in the States of Georgia, Florida, and Alabama. One-half of all the peanut growers in the United States are assessing themselves $1 a ton to increase the market to get more acreage in order to increase their income.

Yes, Bob? I beg your pardon, Congressman Poage.

Mr. POAGE. Please do not feel you need address me as "Congressman."

After the many years that we sat together on this committee, I hope we won't get too formal.

Isn't it a fact, if I understood you, that you said that your people felt that if we ever increased that 1,610,000 that they would have to throw up their hands?

Mr. PACE. Increased it? No, I said repeal it.

Mr. POAGE. Well, repeal it. In other words you mean——

Mr. PACE. Reduce it.

Mr. POAGE. Reduce it?

Mr. PACE. Yes, sir.

Mr. POAGE. Well, either way, we pay a very substantial cut from our historic plantings for support.

Mr. PACE. From wartime acreage, yes, sir.

Mr. POAGE. That is right. Now if we wiped out all allotments, if we did not have any program at all, I assume that we would all be in bad shape, we probably would be selling peanuts in competition with cottonseed oil for a price that would be very low, and I suppose we

would all be in pretty bad shape. But I assume since during the war we did grow a tremendous acreage in the Southwest, and we did take a 55 percent cut in our acreage right after the war——

Mr. PACE. Over 2 or 3 years, yes.

Mr. POAGE. That is right. I assume we could grow it again, that we could grow that kind of acreage. We are not asking to do it. But if we did wipe out all allotments, if we repealed this acreage provision that you just mentioned, I assume that the Southwest would probably increase a great deal more in acres than anyone else. Isn't that a reasonable assumption?

Mr. PACE. I doubt that you would increase any more than you did during the war. That is where you built up your big acreage. You did not have any——

Mr. POAGE. That is right. But it was evidence that we can increase tremendously as to acreage. Isn't that correct?

Mr. PACE. Yes, sir; if we have the demand.

Mr. POAGE. We can increase it anyhow, whether we have the demand or whether we do not. We may all be broke as we do it, but we could certainly increase the acreage tremendously—can't we?

Mr. PACE. Yes, sir.

Mr. POAGE. Now we have gone along, and I have gone along, and our people have gone along on the proposition of controlling that acreage. We want to continue to do so.

But what is the support price on your peanuts compared with our peanuts?

Mr. PACE. Exactly the same, according to type, except the Southwest has an advantage on the Spanish peanuts. They are supported about $6 a ton lower than the Georgia Spanish——

Mr. POAGE. Yes. Now right there, we are supported at about $6 a ton lower than you are?

Mr. PACE. That is right.

Mr. POAGE. Consequently it is not exactly the same, but we are about $6 a ton lower than you are.

Mr. PACE. And that is what you want to keep.

Mr. POAGE. Maybe we do and maybe we don't. That is what you tell us we want to keep.

Mr. PACE. I tell you what——

Mr. POAGE. Now wait—that is what you tell us we want to keep. Maybe we might have some views on that idea, as to whether we want to keep it or not. Maybe that our people do not look on this as an advantage.

Now you grow a great deal of runners. Let us consider those runners, because I want to know about this acreage. How much broken matter and immature kernels can you have in your runners and then grade 1?

Mr. PACE. Can you answer that?

Mr. TURNER. Yes, sir.

Mr. PACE. You go ahead.

Mr. MCMILLAN. Would you mind, Mr. Turner, answering that question?

STATEMENT OF LUTHER TURNER, CLIFTON, GA.

Mr. TURNER. My name is Luther Turner. I am on the executive board of the Southeastern Shellers Association, general manager of a farmers' gin and peanut association at Clifton, Ga., and a sales representative of Gold Kist Peanut Growers Association operating in the Southeast and Southwest.

Mr. Chairman and Congressman Poage, a U. S. No. 1 Spanish peanut——

Mr. POAGE. I asked you about runners.

Mr. TURNER. U. S. No. 1 runner peanut——

Mr. POAGE. I asked you how many immature kernels and foreign matter you could have and still be No. 1.

Mr. TURNER. The grades are identical to your Southwest Spanish peanuts, Mr. Congressman.

Mr. POAGE. I asked you a question, how much is it, 1½ percent?

Mr. TURNER. You are referring to damage?

Mr. POAGE. Yes, sir—1½ percent? All right. What is it for Spanish peanuts?

Mr. TURNER. 0.75.

Mr. POAGE. All right, now, that is not the same. I do not want to be impolite, but that is not the same. And you just got through telling us it is exactly the same.

We just happen to know that these things are not exactly the same. That is just exactly twice as much damaged or foreign matter allowed in No. 1 runners as is allowed in No. 1 Spanish.

Mr. TURNER. I am begging your pardon, sir, you asked about broken particles first, and not the damaged. Then I realized you were referring to damaged, and you are absolutely correct. A U. S. No. 1 Spanish in the Southwest is 0.75 damage and 0.50 minor. In the Southeast, U. S. No. 1 runner is 1½ percent damage and 0.50 minor.

Mr. PACE. But the Southeast Spanish are the same.

Mr. POAGE. I understand that. And my question, when I started out, was how much of these broken or damaged kernels could you have in No. 1 runners. I did not ask you anything more. You did not answer that, you drew the comparisons.

Mr. PACE. I think the "broken" tripped him. The word "broken."

Mr. POAGE. All right, whatever it is, I think we have it on the table now, and you have exactly twice as much of undesirable matter in No. 1 runners as we have in No. 1 Spanish. Now that is right, isn't it?

Mr. TURNER. Damage; yes, sir.

Mr. POAGE. All right. Why should you have twice as much in No. 1's?

Mr. TURNER. Frankly, we would be happy for it to be the same thing.

Mr. POAGE. All right, let's write that in the law right now, that it shall be the same thing. Now you have been telling us it was to our advantage to have it the other way, but we have long wanted just to have equality.

Steve just told us we enjoyed a great advantage in getting $6 less for our peanuts than you do, but we would just like to have equality, we would just like to get the same as you gentlemen get.

Now how about it, will you go along with us on those two things?

Mr. TURNER. One hundred percent, Congressman.

Mr. POAGE. All right, will you accede?

Mr. TURNER. Yes, sir.

Mr. POAGE. Will you go along, Mr. Pace?

Mr. TURNER. As one of his employers, I will instruct him along those lines.

Mr. POAGE. All right. That is all I want.

Mr. ABBITT. Is Mr. Poage correct in assuming that you said there is no differential in the price support between the runners and the Spanish?

Mr. POAGE. He said there wasn't, but I understood there had been, too.

Mr. TURNER. There is a differential, sir; yes.

Mr. POAGE. Between runners and Spanish, but he said——

Mr. TURNER. There is a differential in both, Congressman.

Mr. ABBITT. Are you willing to wipe out that differential, too?

Mr. TURNER. Yes, indeed.

Mr. ABBITT. You are willing to do it?

Mr. TURNER. We would have a very decided advantage over them there, and we would welcome that advantage.

Mr. ABBITT. I understand you will join with us and get that done——

Mr. TURNER. Wait just a moment. You are still referring to Southwest, not Virginia-Carolina?

Mr. ABBITT. We are talking about——

Mr. TURNER. We are talking about the Southwest, now, Congressman Abbitt.

Mr. ABBITT. What is the difference in the Southwest in the runners?

Mr. TURNER. Fifty cents a ton on the same grade. Farmer stock, yes.

Mr. ABBITT. Who get the most?

Mr. TURNER. We pay 50 cents less for runners per ton than they pay for Spanish in the Southwest. On the same grade——

Mr. ABBITT. Are you willing to have that wiped out?

Mr. TURNER. Oh, yes, indeed. Provided they will go along with us on the Spanish, sir.

Mr. ABBITT. What do you mean?

Mr. TURNER. They pay $6 a ton less for Spanish in the Southwest than we pay for Spanish in the Southeast. All we are asking is the same thing. They are asking the same thing we want. The runners in the Southeast and the Spanish in the Southeast and the Spanish in the Southwest will be the same grades, and the same price, and the same support level.

Mr. POAGE. And they will all have to go up to the same standards to get the same grade?

Mr. TURNER. I am for that 100 percent. If they want to raise theirs to 1 percent, or raise ours, I will go along 100 percent.

Mr. ABBITT. And it's my understanding that it is only 50 cents a ton—or 50 cents a pound, or what is the 50 cents?

Mr. TURNER. Fifty cents a ton for farmer-stock peanuts, Congressman Abbitt.

Mr. MOAKE. Let's quote it right.

I am Dick Moake, Bain Peanut Co., San Antonio, Tex., and we want the figures right.

Mr. Turner. Give them.

Mr. Pace. You will have a chance to correct them.

Mr. Chairman, let me continue, and let me say a word for the benefit of the members of the committee.

Mr. McMillan. Let us discuss the provisions of the pending bills.

STATEMENT OF STEPHEN PACE—Resumed

Mr. Pace. On this question of differentials, which I am going to reach in a minute, and let me reach it right now, it was referred to this morning by Mr. Sydney Reagan as an artificial standard. It had other references to it. I think maybe just in your thinking, whatever your conclusion is, back yonder when the support price on peanuts was first installed, it became the responsibility of the Department of Agriculture to put it into effect. Through a long period of years when there wasn't any support price, when there was not anything interfering with free trade in peanuts, the trade itself had developed a certain price for Virginia, a certain price for Southeastern Spanish, a certain price for Southwest Spanish, and a certain price for runners. The Department of Agriculture did not feel, in putting a support-price program into effect, that it should destroy what a free market had established, that the free market itself was the best determination of any differential in price. Consequently, they put into effect the same differential in the support program that the trade itself had established through free trade.

Now for some reason, Bob, the Southwest Spanish were cheaper, and the reason given me was way back there you did what you call windrow the Spanish. They would lay on the ground, and therefore you had more splits, and the buyers, the shellers, insisted that they could not pay as much as we did at that time because we did not windrow, we stacked ours.

The heat was less intense, and when you shelled them, they did not split as much.

That is not true today. We windrow ours now just like you do, and I am informed that the percentage of splits in the Southeast now in Spanish is more than it is in the Southwest, but I do want to say this on differentials, that matter has been worked on by the Department of Agriculture. We were all here in Washington a month ago and spent a day over there talking about this very problem. Mr. Thigpen is now having meetings, he is going to have one next Thursday in the Southeast, on this identical problem.

Now I do believe that Mr. Thigpen is a good administrator and probably he can bring about, through negotiations of all of them, maybe a more acceptable undertaking than you can do by emphatic hard rule legislation.

Mr. Poage. Well, Mr. Thigpen has been working on this since before you left Congress. Mr. Thigpen was working on the same problem, because we had the same problem when you were a member of this committee. And Mr. Thigpen never gets anywhere because he never can get an agreement from the southeastern growers, and as long as he cannot get that agreement, Mr. Thigpen is not going to hand down a decision that wipes out those differentials. I had long since dispared of getting any relief until this afternoon. But now when you tell me

you will support equalization, I think we can get it with your support, and I am going to make an effort to just equalize it for all of us. We are not asking for special favors, but we would like to be treated the same as you folks have been treated for a good many years. We do not like this idea of having to get our peanuts into twice as good shape as you have to get yours in to call them No. 1. We do not like to see the peanut butter market go to your peanuts with 1½ percent imperfect kernels in them, and still have branded on them, on the face of that container: "Made of No. 1 U. S. Peanuts." When we cannot do it.

Now maybe 1½ percent is where it all ought to be, maybe half a percent is where it all ought to be, maybe 2 percent is where it all ought to be. I am not questioning that point. I do not know where it ought to be, but I am smart enough to know that we ought not to have one law and one set of morals for the people in Georgia and another set for the people in Texas. And we are not ging to have it if I can avoid it.

Mr. PACE. Of course, you are talking to the Fresh Fruits and Vegetable Branch, of which Mr. Smith is Director, and that is their problem, to set up the United States standard for all those commodities of that character.

Mr. POAGE. And they also suggest that "we cannot get agreement among the sections of the peanutgrowers themselves," and since we cannot get agreement among peanut people themselves, why we will just continue, as you pointed out, the historic practice. Well the historic practice is bad, and now we have it on the record that everyone agrees it is bad. That is all I want to inject in this.

Mr. PACE. Shall I proceed, Mr. Chiarman?

Mr. MCMILLAN. Yes, proceed.

Mr. PACE. Mr. Chairman, I do not want to take so much time. I would like to run right rapidly through this bill.

First, the Virginia-North Carolina bill—I call them—stated this morning, amends the normal supply of peanuts by increasing the allowance for carryover from 15 percent to 25 percent.

It was said this morning, indicated this morning that that was being done because that is about the normal carryover. I am compelled to take issue with that, to be frank with this committee. That is about the normal carryover and that justified the amendment, but the purpose of the amendment is to increase the support price of peanuts.

Let me say one word——

Mr. ABBITT. You do not object to that, do you?

Mr. PACE. There is not any objection at all to that, no, sir. None at all. But let's understand what we are doing when we do it. Let it be understood that under the flexible price-support formula it is a fluctuating thing, running, as most of you know, all of you know, from 90 to 75, depending upon the supply percentage. The supply percentage is what percentage the total supply of the normal supply. Consequently, when you increase the normal supply you reduce the supply percentage and therefore you get a higher support level. That is why it is put in there.

And the next amendment in the same first section then turns aronnd and amends the definition of total stocks by saying, and we are still

on the supply deal, that in considering total supply, you shall not take into accounts stocks owned by the Commodity Credit Corporation on which the Commodity Credit Corporation has a loan, or under which it has outstanding purchase agreements.

That wipes out about 50,000 tons. So that will reduce the total supply. When you reduce the total supply, increase the definition of normal supply, it has the effect of kicking the support price up—as testified here, I have not run it—to 90 percent of parity. That is the purpose of the bill. The Southwest is identical except they increase it 27 percent instead of 25 percent.

Now the next change which this committee wants to study very closely, it amends the marketing quota legislation. That is to say, the method by which you should determine how many peanuts should be produced. Then the Secretary takes it on the base of 5-year average yields, converts it to acres, and it says that—this is added—together with the carryover for 105 percent of normal supply. Now in the first section of the bill they take carryover out. In the next one they put it in. One is to increase the price support, the other one has the effect of reducing the acreage, which the average peanut producer does not want.

Now it sets up an entirely new rule. It says now that if this bill is enacted, that the marketing quota each year shall be a normal supply of peanuts. And you have defined the normal supply as being the estimated consumption, the estimated exports and under this bill, plus 25 percent.

Now let me tell you that I have run that figure, and that will not produce an adequate supply of peanuts. Under the present definition of normal supply, that is a 15 percent carryover, it will produce 779,000 tons; 105 percent would be 818,000. If a normal supply is changed to 25 percent carryover, it will produce 846,000 tons, of which 105 percent would be 888,000. Both of those you must deduct for the first time in the history of peanuts—the entire carryover of 200,000 tons.

Consequently, when you built your normal supply up, then he says: You must take into account the carryover. Consequently, under normal supplies as defined today, you would produce only 618,000 tons, and on normal supply you would propose to amend it, adding 25 percent, and it will produce 688,000 tons, and the Department of Agriculture, on its own table, has fixed a minimum demand of 779,000 tons.

Consequently, I do not see how there could be any grower in the United States who would want a bill that under its own language will not meet the demand for peanuts. And that is the effect of this section under the Oil and Peanut Division on tables which I have with me.

Mr. Poage. It is the same thing in the Burleson bill?

Mr. Pace. Yes, sir, I believe it is.

Now, Bob, we understand up to now, for the last 17 years, the marketing quota has been the average production during the last 5 years, adjusted for trend and demand conditions.

Now they leave that language in there and it is rather inconsistent language: So as to provide together with the carryover for 105 percent of a normal supply. I have read that section a dozen times since I saw a copy of this bill and I cannot reconcile what is left in the bill.

Now let me run on. Mr. Chairman, I want to refer briefly to this promotion plan. Whether you are going to give it any consideration, I do not know. It is a plan that has been gotten up, saying it is a self-supporting plan and solves all the problems of the growers, the surplus problems. They spend the money to pay all the CCC losses. They spend the money to pay the shellers for low-grade peanuts to keep them out of the animal trade. They pay cooperative expenses in administering the program, and publicity promotion and so forth. For the first year the assessment can be 10 percent, 5 percent is an increase in support price and the other 5 percent by the growers. After the first year the grower makes no contribution at all. The contribution to that program—and get this straight—under this act is made by the American public who buy peanut products. It is a request—and do not misunderstand this—to ask the people who buy salted peanuts, and peanut butter, and candy out yonder to pay the loss under the peanut program, to pay for the diversion of offgrade shell peanuts, to pay for publicity, for promotion, and under the Southwest bill for peanut research. Now you maybe want that, I do not know. We feel in the Southeast that for the present time at least we can go on assessing ourselves, working with the manufacturers, and see if we cannot have a substantial part in increasing the demand, increasing the acreage, and increasing income.

Now the Southwest bill, Bob, the North Carolina bill, does that on a national basis. I mean, everyone. The Southwest bill says that except for research and promotion, which will not cost over 1 percent of parity, that it shall all be done on an area basis. Now I think the attitude of the Southwest is, speaking very frankly, and I cannot serve you unless I do speak frankly, is that we have the surplus in the Southeast, and therefore we should pay all of the cost. I am going to discuss in a minute the provisions in the Southwest bill for an increase in acreage. And if they get the acreage they want, and are asking in that bill, the Southwest will become the surplus area, and I am unable to reconcile the desire of the Southwest to make two separate requests for more acres. Bob, they have a provision in here that the allotment to the Southwest—to any area, not to the Southwest, but they say they are the ones that need it—that we make an allotment to Texas for 300,000 acres, that then that they have not been planting all their acreage, that they cannot get the growers to plant it, and also you have bad weather. And they say here that you must increase the allotment to Texas, using that as an example, by enough to be sure that every one of the 300,000 acres is harvested with peanuts. Now if we are going to start that, I do not know where we will go.

They say, they were up at the hearing on this differential about a month ago, that they cannot get the growers to plant. I told them then we had written ino the law that: If I am not going to plant my peanuts, all I have to do is take them to the county committee and let them be allocated to some other grower. They told me that the growers won't do that. Well, that is a home problem. They thought they would lose an acre when they did not plant it. But, you remember, in 1949 or 1950 we froze peanut acreage allotments. Georgia would get the same allotment if we did not plant a single acre, you understand. But they have a request in here to increase their allot-

ment to where they will actually harvest what the original allotment was. Well, you do us all like that, none of us ought to harvest 100 percent. How are you going to tie that in, that you do not want to produce but a normal supply of peanuts? If you are going to harvest 1,610,000 or 1,545,000, if you are going to assure that that many is harvested, you are going to have the darnedest surplus you ever looked at. And yet they come with that request and tell us that: We want this on an area basis because we want you to pay for diverting your surplus, and we want you to pay for the bad-grade peanuts.

Now let me add one word, and I think you need to know this.

How would that operate? How would it have operated in 1957? How would it have affected Virginia and Alabama?

In Alabama they produce a normal crop of 110,000 acres. They had a month's rain with the mature peanuts either in the ground or lying on top of the ground. It was a disaster. The result was the Commodity Credit Corporation—of the 60,000 they made, they had to take a lot of them over. The shellers bought many of them just in an effort to try to help the grower and to try to shell them out. Consequently you had an enormous tonnage in the hands of the Commodity Credit and you had an enormous tonnage of bad, low-grade peanuts in the hands of shellers. You would have assessed the peanut growers of the Southeast to take care of a misfortune in which the growers had no responsibility whatsoever.

Exactly the same thing, Bill, happened in your area. They had an enormous rain there at the wrong time. You had, I reckon, more peanuts than you ever had, didn't you, Bill?

Mr. Rawlings. I think that is approximately right.

Mr. Pace. And they had to put 20 or 30 tons over to the Commodity Credit Corporation. Some of the shellers I understand have tried to shell them. They have a lot of low-grade peanuts. It is proposed hereby, gentlemen, that the Virginia-Carolina area shall be assessed alone, that the Southwest cares to have no part in it, to take care of a misfortune in Virginia that I hope never happens again.

Mr. Poage. May I ask a question there, Steve? I am not offering any defense of that area. If you go along with us—and I understand you do—now, getting everybody on the same basis, but wasn't it necessary probably for the Southwest to adopt a policy of this kind when you were insisting on a differential in price and when you were insisting on different rules applying to the different areas, and particularly in face of the fact that you yourselves, as I understand it, had set up regional research and promotion organizations and were checking off $1 a ton. Isn't that right, in your area?

Mr. Pace. I beg your pardon?

Mr. Poage. Isn't it correct, am I not correctly informed that in your area you are already operating a research and promotion organization on a regional basis and are making a check of the peanuts—isn't that right—about $1 a ton?

Mr. Pace. In Georgia they vote on the 24th of June by a two-thirds referendum. They will do it. In Alabama it was done last year.

Mr. Poage. They are already doing it in Alabama. They are voting on it in Georgia, and you expect them to do it in Florida, is that right?

Mr. Pace. That is right.

Mr. POAGE. And that does involve a checkoff and it does involve the use of that money for regional promotion, isn't that right?

Mr. PACE. That is right.

Mr. POAGE. Now, all I am saying is that possibly you have gotten these people in the Southwest in a position that they felt that this was their only recourse. They haven't talked to me about this at all. I don't know about this. But isn't it true that as long as you were living under the unhappy discriminatory circumstances that we now hope to wipe out, and we are going to count on your support to wipe out——

Mr. PACE. I haven't promised that.

Mr. POAGE. You have not?

Mr. PACE. I have not, sir.

Mr. POAGE. All right, then. I am glad we got that clear in the record.

Now, what is your name?

Mr. TURNER. Turner.

Mr. POAGE. I understood you to say Mr. Pace would go along with us, that you were his employer and you were telling us he would go along with us. I am sorry to hear that he will not but I am glad he didn't keep silent.

Mr. TURNER. Begging your pardon, Mr. Poage. I said on the differentials only. Your statement I assume is covering a multitude of these so-called sins that you and I admit that we are into.

Mr. POAGE. I just thought we were agreeing we ought to treat people alike whether they live in Texas or Georgia.

Mr. PACE. I would have no authority, you know that, in such a——

Mr. POAGE. If he is the director of your organization that you are working for, I assumed you had authority.

Mr. PACE. He is a member of the executive committee which has 13 members, and I think——

Mr. POAGE. Are you going to plead the Farm Bureau to us, that you are bound by voting delegates who met in December and that you cannot review a position until next December even though Congress adjourns in August? I thought we had come here and gotten an agreement that we could work here and get everybody on equality. Now, do I understand you are opposed to that, Steve?

Mr. PACE. I have taken no position whatever, Bob. I think you have made wonderful progress in getting Mr. Turner to consent to it because he is certainly one of the very outstanding men in the Southeast. I congratulate you, but don't ask me to agree to it.

Mr. POAGE. You have authority to take a position on everything else. I notice you have taken a position right frankly on everything else without the slightest hesitation. You haven't hesitated a moment to take a position against the things you don't like. You haven't hesitated a moment to take your position on anything else. Now we come to the crux of this whole thing. Obviously this discrimination against regions accounts, in large part, for the unfortunate situation the peanut industry finds itself and it is going to get lots worse unless we get something done to bring these areas together.

Now, I thought we had it moving back on the right track, but now you come along and tell us—and I appreciate the fact that you tell us

frankly--that you are not bound by any such statement and you are not giving us any such statement of your own.

Mr. PACE. Bob, we have an executive committee that establishes policies.

Mr. POAGE. I know it.

Mr. PACE. The Virginia-North Carolina bill, please understand, has been moving around now for 2½ years. It was presented to the Senate Agriculture Committee in Raleigh, in 1955. It has been before me and my executive committee 25 times. They have instructed me from time to time what their position is. I am not speaking out of the air, please understand me. I wouldn't dare to. As far as they are concerned, I have instructions as to their position. I am also speaking for the growers of Georgia, Florida, and Alabama. I met with them and they took a vote and they declared themselves. I am presenting their views, not my own. Please understand that. Don't put me in a position of saying I will agree to one thing and won't agree to another.

Mr. MCMILLAN. Let us move on.

Mr. POAGE. Mr. Chairman, this is the crux of the whole thing. There isn't anything else involved here except this question of whether we are going to get a square deal across the board and everybody is to be treated alike.

Mr. MCMILLAN. We have other witnesses that desire to testify today.

Mr. POAGE. If we are to have the same rules across the belt we can settle this thing in a moment. There is no man here, Mr. Chairman, that can give us such an authoritative statement as Mr. Pace can. Everybody knows he represents a large part of the peanut industry. Everybody knows that he has done so much for the peanut industry. I think he is outstanding, head and shoulders above everybody else, in the peanut industry, and I think he has done one of the greatest jobs for his people that I have ever seen done. I want to know where he stands. I want to know if he is going to keep insisting that my people should have less for their peanuts than the people of the Southeast. If so, I must, of course, do what I can to destroy the machinery he is using. I would much prefer to work with him. But if we have no way of getting these sections together, the best thing for us to do is to wipe out the entire peanut program and grow peanuts. We may feed them to the hogs, but we will grow peanuts.

Now, if you don't want to treat everybody alike, then let us just go back to where we don't have any special privileges. All you have asked is just a "fair advantage" for your people. Now, let us just wipe out all advantage for everybody.

Mr. MCMILLAN. Let us get on with the hearing. Mr. Pace.

Mr. PACE. I am sorry, Bob. I have no authority.

Mr. POAGE. I have no criticism of you personally. But I have heard all I want to know. I am deeply disappointed. I thought I had gotten somewhere. Now I find that you refuse to treat us as equals.

Mr. PACE. I love you but you don't want an idle promise.

Mr. POAGE. I cannot look upon Mr. Turner's statement as an idle promise.

Mr. PACE. Mr. Chairman, I am about done. There is a peculiar thing in the Southwest bill. It is difficult to understand. They come in the first section and amend normal supply, amend total supply, to increase the support price of peanuts up to 90 percent. As you all know—I am about done—as I have said, they raised the support up in the first paragraph and about the last one, as all of you know, you have got two flexible price-support schedules. You have got cotton and peanuts. Then you have another one for wheat, corn, tobacco, and what else. The supply percentage on wheat has been down to 102 percent to get 90 percent support. This percentage on cotton and peanuts can be as high as 108 percent and you still get 90 percent support. For some reason I don't understand, and it wasn't explained this morning, they have taken peanuts out of the 108 percent with cotton and they are putting it over with wheat which will have exactly the opposite effect. It will reduce this support price on peanuts.

Now, there may be some justification, but if there is, I can't think of it.

Now, the last section, Mr. Chairman, is a section that would have the effect of telling the Commodity Credit Corporation who should or should not administer the price support schedule. That may be a subject that this committee wants to go into, but I have very serious doubts about it.

Mr. Chairman, I am very grateful to you, sir. I am sorry I consumed so much of your time.

The CHAIRMAN. We certainly appreciate your taking time to give us your opinion of this pending legislation.

Any questions?

Thank you.

Mr. Turner, will you give a further statement?

Mr. TURNER. Mr. Chairman, I would appreciate the opportunity, please, sir, to help my good friend, Congressman Poage, as Mr. Abbitt, if I may, sir, to try to understand the things that you and certainly I am very deeply concerned about, Congressman Poage. I believe some of the best friends I have in the peanut industry are your constituents. We have fought this battle up one road and down the other.

The same thing goes with a lot of your constituents, Congressman Abbitt, and you have seen me at these peanut meetings over a period of 20 years, I suppose. Times and conditions change most everything, and it certainly has changed the peanut-growing habits, production-wise, tonnage per acre. Types of peanuts have been improved considerably by our esteemed gentlemen, some of Congressman Matthews' constituents, who have added to the peanut industry a type of peanut, if you please, Mr. Poage, that has brought about this thing that you and I are talking about, maybe an inequity in differentials, if you please.

The Dixie runner peanut has replaced what used to be, Mr. Abbitt and Mr. Rawling, a hog peanut. It isn't so any more. It is now an outstanding competitive product. We don't deny that, not in one degree. We are proud of it. We are glad of it, sir.

Now, getting back to these differentials—and Mr. Moake I believe is not here—on the same grade, if you please, and this is going in the record, we pay within 50 cents a ton for Runner peanuts of what the

sheller in the Southwest pays for a Spanish peanut. That is a matter of record.

Now, if you just look at the grade table that is provided by Commodity Credit, you will find that the base percentage of sound mature kernels is listed down under the base price of sound mature kernels of Spanish, Runners, and Spanish. Then you will find another section for Virginia. So you think, historically, they have used these figures over a period of years and adjusted for trends and higher percentage of sound mature kernels gradewise in the various types of peanuts like it happened to our friend in the Virginia-Carolina area. They have researched themselves into an awful predicament by producing a greater percentage of extra large peanuts that there isn't a market for, and today the Commodity Credit Corporation is outlawing it.

Now, back to your statement, sir. I feel sure that the people on the Southeast, No. 1, would not object to you growing all Runners in your area if you like. They don't want to. Then, neither will we object to you putting us or we putting you—and the shoe may fit the other way, Congressman—the same way we are with Spanish and Runners. I am sure that will be entirely satisfactory. I agreed with Mr. Moake. He called me a few weeks ago on the telephone from Texas. He said, would you object to our putting our grades on Spanish peanuts up to 1½ percent? I said, not 1 minute. There isn't anybody in the industry that would object to it.

Now, if Mr. Smith of the Fresh Fruits and Vegetables Branch will agree to it, certainly we will agree to it, and I will go out from house to house and plead your cause for you. So, sir, I still say that on this matter of differentials, between Southeast and Southwest Spanish, Southeast Runners and Southwest Spanish, I am sure that we can still sell that for you if that is what you want. Now, that is all I have to say about that.

Just one word, Mr. Chairman, and I will retire. There isn't a man in the world that would rather see a farmer make more money than I. I wonder if you can help the farmer make more money by eliminating his markets or pricing him out of the market. And I submit to you, gentlemen, and I want each of you to listen to this, the records in the Department of Agriculture today are that the biggest increase in consumption of peanuts is the Spanish, is for peanut butter. The next is for candy, and actually this is where the Spanish peanut and the Virginia peanut were hit the hardest. There is a consumption of salty peanuts this yaer where we have an 8 to 9 percent increase overall. In the salted trade that is a reduction in the consumption of peanuts.

Now, gentlemen, there can be only two reasons for that. One of them is you have either priced yourselves out of the market or some cheaper thing has come in and taken your place. There is no other reason. So I submit to you, gentlemen, to let you all kiss us out of here and you all throw this thing in the wastebasket until we can get together and work out something that will do us all good. This is going to hurt all of us.

Thank you.

Mr. McMillan. Thank you very much.

Mr. D. H. Hardin, manager, Georgia-Florida Peanut Association. Mr. Hardin.

Mr. PACE. Mr. Hardin is right here.

Mr. MCMILLAN. Do you care to make a statement?

STATEMENT OF D. H. HARDIN, MANAGER, GEORGIA-FLORIDA PEANUT ASSOCIATION

Mr. HARDIN. I am D. H. Hardin, manager of the GFPA in Georgia. I think we have been very fortunate here today. We have had some excellent people on the program. They have made some very good testimony and I doubt whether I would be able to add anything to it if I stayed here and talked for a while. So we have some more fellows here that would like to make a statement, and I would like to pass and let them make their statement.

Mr. MCMILLAN. If you care to file a statement later, if you will send it in to the committee, it will be included in the record.

Mr. HARDIN. Thank you, sir.

Mr. MCMILLAN. Mr. Leon Houston, of Sylvester, Ga.

Mr. PACE. He didn't come, Mr. Chairman.

Mr. MCMILLAN. Mr. Cyril Boyd, Newbery, Fla.

Mr. PACE. He was unable to get here.

Mr. MATTHEWS. Mr. Chairman, may I say this about Mr. Boyd. He is one of my dear friends, one of my constituents and as I said earlier today, he said he wanted to be associated with the statements of Mr. Pace and these gentlemen from Georgia who have represented his views.

Mr. MCMILLAN. If he would like to file a statement, he may.

Mr. MATTHEWS. Thank you.

Mr. MCMILLAN. Mr. Davis, of Graceville, Fla.

Mr. PACE. He did not come either, Mr. Chairman. The notice was a little too short.

Mr. Dunn and Mr. Knowles are here, Mr. Chairman.

Mr. MCMILLAN. Mr. Grady Dunn, Samson, Ala. Would you care to make a statement?

STATEMENT OF GRADY DUNN, SAMSON, ALA.

Mr. DUNN. I will make mine very brief and short, Mr. Chairman.

I am Grady Dunn, Samson, Ala., a peanut grower, a member of the board of the Alabama Peanut Producers Association.

One thing I would like to clear up. A little reference this morning was made pertaining to a meeting in Atlanta, Ga., and principally the thing I want to refer to was the substantial agreement reached by all. I think—I am not sure of this, but I think the minutes will show that the Alabama delegation present at that meeting made it perfectly clear that they had to take this back to their growers and get their reaction. I want to clear that.

Now, I represent the Alabama Peanut Producers Association here today, which I am very honored to do. The growers at the meeting Saturday afternoon of last week, the directors representing all of the major producing counties in Alabama, they gave me instructions to resist with all force possible any change in the present law at this moment. I believe that is a resolution they passed almost verbatim.

That is all I have to say, Mr. Chairman.

Mr. McMillan. Has your organization seen copies of these two bills here?

Mr. Dunn. No. They do not have that information. They have it now, but they did not have it at that time. But they were informed that there was something of this kind up. They didn't know all the particulars of it.

Mr. McMillan. Suppose you take these two bills back with you and let them go over them and send in another statement.

Mr. Dunn. We will be happy to do that at the next director's meeting.

Mr. McMillan. Mr. R. H. Knowles.

STATEMENT OF H. H. KNOWLES, HEADLAND, ALA.

Mr. Knowles. I am H. H. Knowles, of Alabama, president of the Alabama Peanut Producers Association, president of GSPA.

I did not see a copy of this bill, but just a few minutes ago Mr. Sugg gave me a copy of the bill. I do not have a copy of the bill for the Southwest. Consequently I am not in a position to discuss it at all. We would be happy to get a copy of the Southwest bill and go back and go over it with our directors and register some statement later on. Until today the producers of Alabama are opposed to any legislation at this time.

Thank you, sir.

Mr. McMillan. The committee will furnish you with copies of these bills, and if you would like to send us a statement for the record, we will be glad to incorporate it in the record.

Does anyone else here care to make a statement?

Mr. Rawlings. Mr. Chairman, could I add just a remark or two in view of some of the testimony?

I am William D. Rawlings. I am not going to take the time of the committee in too much detail here, but in view of some of the statements made this afternoon, I feel I should clarify the record a little bit.

First, with reference to the numerous meetings that have been held, I would like to have permission of the Chair to file for the record complete minutes of a number of meetings which have been held on this legislation which I think will be clarifying in view of a lot of the misinterpretations that apparently have been made.

Mr. McMillan. Without objection, that will be done.

(The material referred to is as follows:)

Minutes of the Peanut Producers Meeting Relative to Drafting Proposed Peanut Legislation, Henry Grady Hotel, Atlanta, Ga., November 18–19, 1957

Those in attendance assembled in room 306 at 9 a. m., November 18, 1957, and H. L. Wingate was elected to act as chairman of the meeting. Joe S. Sugg was elected to act as secretary. A pad was passed for the purpose of determining those present. They were as follows:

R. L. Griffin, Alabama Farm Bureau, Post Office Box 1631, Montgomery, Ala.
H. H. Knowles, president, Alabama Peanut Producers Association, Headland, Ala.
R. L. Donaldson, Alabama Peanut Producers Association.
Grady W. Dunn, Alabama Peanut Producers Association, Samson, Ala.
H. L. Wingate, Georgia Farm Bureau, Pelham, Ga.

H. B. Wilson, Georgia Farm Bureau, Peanut Committee Chairman, Abbeyville, Ga.
Bobby J. Locke, Georgia Farm Bureau, Dawson, Ga.
W. E. McDowell, Georgia Farm Bureau, Blakely, Ga.
Charles Shirley, Georgia Farm Bureau, Blakely, Ga.
D. H. Harden, manager, Georgia Farm Bureau, Camilla, Ga.
J. D. Gardner, Georgia Farm Bureau, Camilla, Ga.
R. L. Mauldin, Georgia Farm Bureau, Slyvester, Ga.
Elmer R. Faulk, Georgia Farm Bureau, Ocilla, Ga.
B. B. Saunders, Georgia Farm Bureau, O'Brien, Fla.
W. V. Rawlings, Association of Virginia Peanut & Hog Growers, Capron, Va.
C. R. Barlow, Association of Virginia Peanut & Hog Growers, Smithfield, Va.
A. L. Glasscock, Association of Virginia Peanut & Hog Growers, Chuckatuck, Va.
J. L. White, president, Association of Virginia Peanut & Hog Growers, Elberon, Va.
H. H. Hudson, Southwestern Peanut Growers Association, Box 489, Holdenville, Okla.
Ross Wilson, Southwestern Peanut Growers Association, Gorman, Tex.
Marcus B. Braswell, president, North Carolina Peanut Growers Association, Whitakers, N. C.
Joe S. Sugg, North Carolina Peanut Growers Association, Rocky Mount, N. C.
R. Hunter Pope, North Carolina Peanut Growers Association, Enfield, N. C.
George P. Kittrell, North Carolina Peanut Growers Association, Corapeake, N. C.
W. B. Anderson, Greenwood, Fla.
J. E. Thigpen, USDA, Washington, D. C.
C. T. Mace, USDA, Washington, D. C.

Following the listings of those in attendance, Chairman Wingate called on W. V. Rawlings, executive secretary of the Association of Virginia Peanut and Hog Growers of Virginia to relate the background leading up to this meeting.

Mr. Rawlings gave a general outline, setting forth the developments which led up to this meeting, and in so doing pointed out the activities which had been carried out by Joe S. Sugg, executive secretary of the North Carolina Peanut Growers Association, and himself, working with the full cooperation of personnel in the Oils and Peanut Division of the United States Department of Agriculture and attorneys in the United States Department of Agriculture. He specifically pointed out that there was no intention on the part of the Virginia-Carolina area representatives to draft proposed legislation for any other area, but that this activity had been done in the interest of laying down some basic principles as a framework on which this group in the meeting here today could work toward arriving at legislation suitable to the three peanut-producing areas of the United States. He further pointed out that in order to have something with which to work that these principles had been drafted in bill form, along with laymen's explanations of each section, and statistical analysis that this material had been sent to all the people who had been designated as representatives to this meeting in each producing area prior to this meeting, in order that they might become familiar with the material. Mr. Rawlings stated further that he had additional copies for distribution to those present who had not previously received copies.

Mr. Wingate then called on Joe S. Sugg for any comments relative to the background for this meeting, and Mr. Sugg emphasized the necessity for the producers of peanuts in the United States designing and drafting a program of their own liking without outside influence. The need for a new program which would be equally beneficial to the growers and more acceptable to the public has been greatly demonstrated in the past by the continuous attack on the peanut program in the Congress. He further stated that it was the feeling of the designers of the guide material to be used in the meeting today that basically this draft would go a long way toward meeting these requirements. Mr. Sugg further pointed out the existence of and the activities of the Conference of Commodity Organizations which would lend strength to the peanut grower organizations in trying to get peanut legislation enacted through the Congress.

Mr. Ross Wilson, representing the Southwestern Peanut Growers Association, was called on and he concurred generally with the expressions of Mr. Rawlings and Mr. Sugg.

Following these general statements, Chairman Wingate suggested that we first have Mr. Rawlings go over in a general way enclosure No. 2 of the material, which is the laymen's description of the draft of the bill and that following this

general approach the draft of the bill be discussed section by section and paragraph by paragraph, in detail using both enclosure No. 1 and enclosure No. 2 to help clarify the various points developed in the discussions. This plan was followed in the remainder of the meeting, which continued through Monday and adjourned at 11 : 30 a. m., Tuesday, November 19, 1957.

During the discussions of the bill, certain changes were made, and certain instructions were issued, which would create changes in the redraft of the bill. The group voted that Mr. Rawlings and Mr. Sugg be appointed to work out a redraft of the bill in conformance with the wishes as expressed by the group in this meeting, and working with Mr. Thigpen, Mr. Mace, and the lawyers of the Department of Agriculture. The group in appointing Sugg and Rawlings to this job recognized the closeness and their geographical location, making it more simple for them to work with Washington representatives.

The following actions with respect to the draft were taken :

First page, section 301, subsection (b), Agriculture Adjustment Act 1938, approved with the exception that the words "or held for" be added following the words "acquired by" on line 5 of paragraph b of the draft.

Also add to this paragraph the following wording : "In addition, any peanuts that are held by the owner under a loan arrangement with the Commodity Credit Corporation will be excluded. Furthermore, inedible shelled oil stock will be excluded from the carryover."

Section 2 was approved as drafted with the exception : on page 2, line 4, the figure "90" would be changed to "95" and that the figures in line 5 on page 2 be changed to read "1,529,500" and that the section be worded so that such acreage allotments if granted under the section 358–C2 on page 2 not count in the history used in determining future peanut allotments.

Section 395, beginning on page 3, was reviewed with the following change :

On page 4, delete the words in line 8 "and pursuant to section 359F of this".

On page 5, under paragraph (b), line 7, insert the word "average" between the words of "of" and "price" and delete on the same line following the word "support" the words "by types".

In this same section reword so that the payment made into the fund will be 1¼ percent of the per ton level of the national average support for eligible peanuts and that the funds developed by this 1¼ percent payment would be earmarked and designated for publicity, sales promotion, and other programs.

That paragraph (d) on page 5, line 2, delete the words "not less than".

Lines 4 and 5, amend to show 3 sheller representatives 1 from each area and to show 3 manufacturing representatives.

On page 6, under paragraph (d), the portion in quotes starting at "provided" be rewritten so as to show that 1¼ percent of the payment to the fund as previously set forth in section (b) on page 5.

Paragraphs (e), (f), and (g) were approved as written.

That the words on page 8, under (h), "and pursuant to section 359F of this Act" be deleted and the proviso in section 8, beginning with the word "*provided*" on the fourth line from the bottom of the page and continuing on page 9 to section 6, be omitted.

Sections 6, 7, 8 on page 9 were approved as written.

Those delegates present approved the entire draft as changed and amended, as indicated in the above notes, with the exception that the Alabama Farm Bureau asked for the privilege to consult their representatives upon their return home and indicate their action at the earliest possible date with respect to the seciton dealing with promotional funds, and the delegates from the Southwest also requested the privilege of further discussing with their representatives at home and indicating their position at the earliest possible opportunity on the portion of section 395 which deals with the payment into the fund for diversion of surplus peanuts during seasons when their crop is in short supply.

It was further agreed that should legislation based on this bill be enacted in 1958 that it would not be made effective until the crop year 1959.

Upon the completion of the discussions on the bill, Chairman Wingate took the opportunity, along with other representatives present, to express his appreciation to those who were active in formulating plans and instigating this meeting, and a number of those present expressed their opinion that this meeting was the most harmonious meeting of peanut producers relative to legislative matters that they had ever experienced.

The group was assured by Acting Secretary Sugg that copies of the minutes and of the redraft of the bill based on the actions of this meeting would be forwarded to each of those present as soon as possible.

There being no further business ,the meeting was adjourned.

Respectfully submitted.

JOE S. SUGG, *Acting Secretary.*

MINUTES OF PEANUT MEETING IN RADIUM SPRINGS, FRIDAY, DECEMBER 6, 1957

H. B. Wilson, chairman, GFBF Peanut Commodity Committee, called the meeting to order at 10 a. m. and H. H. Knowles of Alabama gave the invocation.

Chairman Wilson asked J. H. Wyatt, secretary, GRBF Peanut Committee, to read the minutes of the peanut commodity meeting held November 11 in connection with the GFBF annual meeting and also the minutes of the Atlanta meeting where proposed legislation was discussed.

Mr. Wilson explained the purpose of this meeting was to further discuss this proposed legislation and that the results would be sent to W. V. Rawlings, executive secretary, Virginia Peanut and Hog Association, who had worked with USDA officials in drawing up this proposed legislation. It was announced that Mr. Rawlings would be attending a meeting in Kansas City of National Commodity Committeemen, Monday, December 9, and would need farmers' opinion on legislation at that time.

Mr. Wilson explained that John P. Duncan, Jr., president, Georgia Farm Bureau, had called this meeting of the GFBF Peanut Committee and that Alabama and Florida had been invited.

Everyone in attendance was asked to stand and give their name, position, and from which State. Each State was well represented and enclosed is a list of persons in attendance.

Chairman Wilson called on Steve Pace, general counsel for Southeastern Peanut Shellers Association, to lead a thorough discussion on the proposed legislation. It was suggested that Mr. Pace discuss each proposed section of the bill and then after completion of the discussion that each section would be voted on separately. A lengthy discussion followed.

Below is the action taken by producers:

Bob Griffin moved the adoption of the section dealing with increasing the carryover, in the definition of normal supply, be increased from 15 to 25 percent. Motion was duly seconded and carried unanimously.

Bob Griffin also moved that the section, lowering from 108 to 102 percent (the supply percentage in figuring support prices) be deleted. Motion was duly seconded and carried unanimously.

Aubrey Hudson of Florida moved that the section dealing with total supply of peanuts and in determining total supply that peanuts acquired by or held by CCC be excluded in figuring total supply. H. L. Wingate of Georgia seconded the motion. Motion carried unanimously.

Bob Griffin of Alabama moved that the section dealing with the Secretary of Agriculture taking into consideration the carryover of peanuts in announcing national marketing quota, so as to provide for a normal supply of peanuts, be struck out for further study. Motion was seconded and unanimously carried.

H. L. Wingate moved that the section of the present law which prohibits the Secretary of Agriculture allotting less than 1,610,000 acres nationally be amended to provide that the national marketing quota for peanuts be not less than the smaller of 95 percent of the national acreage allotment for the preceding year or 1,529,500 acres. Motion was seconded by Mr. Cogburne of Florida and passed. C. W. White of Bainbridge requested that his vote be recorded as against this amendment.

C. W. White of Georgia moved that the section of the present law giving the Secretary authority to increase peanut acreage by types, be repealed. Motion seconded by Bob Griffin of Alabama and carried unanimously.

Grady Dunn of Alabama moved that the section dealing with setting up a promotional fund be amended by striking out wherever stated "10 percent for each succeeding year" and also the section "with respect to limitations upon the quantities of shelled peanuts, by types and grades below U. S. No. 1 grade, which may be marketed or otherwise disposed of for uses other than for feed or for crushing into oil or meal, or for export." Motion seconded by H. L. Wingate and carried unanimously.

H. L. Wingate moved that the section dealing with setting up of a fund of 5 percent above the announced support price of which one-fourth of the fund would go for promotion and the remainder of the fund to go for administration and any losses that may occur under the price-support program, be adopted. R. R. Donaldson of Alabama seconded motion and the motion carried.

C. G. Boyd of Florida moved that W. V. Rawlings be contacted and ask him to furnish persons in attendance at this meeting a copy of the final proposed peanut bill to be presented to the Congress in January. Motion seconded and carried.

Meeting adjourned at 4:30 p. m.

Respectfully submitted.

J. H. WYATT,
Secretary, GFBF Peanut Committee.

Name, State and position:

W. L. Alford, Poulan, Ga., farmer.
G. L. Houston, Sylvester, Ga., Southeastern Peanut Association.
H. H. Conner, Jr., Eufaula, Ala., Southeastern Peanut Association.
S. R. Baxley, Tom Huston, Columbus, Ga., Southeastern Peanut Association.
H. G. Richey, Southern Cotton Oil, Macon, Ga., Southeastern Peanut Association.
G. C. Davis, Arlington, Ga., Southeastern Peanut Association.
Rhett Bryson, Alabama, Southeastern Peanut Association.
H. M. Sessions, Enterprise, Ala., Southeastern Peanut Association.
E. J. Young, Dawson, Ga., Southeastern Peanut Association.
D. H. Harden, Camilla, Ga., GFA.
W. A. Cogburn, Florida, farmer.
Aubrey J. Hudson, Jackson County, Fla., Florida FB.
W. W. Glenn, Box 530, Marianna, Fla., Florida FB.
J. C. Cromley, Statesboro, Ga., farmer.
L. L. Mauldin, Georgia, GFA.
C. G. Fuqua, Georgia, GFA.
H. H. Knowles, Headland, Ala., GFA.
C. G. Boyd, Newberry, Fla., Florida FB.
Billy Newberry, Arlington, Ga., farmer.
R. R. Donaldson, Opalika, Ala., GFA.
Grady W. Dun, Samson, Ala., GFA.
B. B. Saunders, Jr., O'Brien, Fla., GFA.
W. C. Riverbark, Columbia, Ala., farmer.
Frank M. Stewart, Box 1631, Montgomery, Ala., Alabama FB.
Arlie Shultz, Route 2, Ocilla, Ga., farmer.
J. D. Gardner, Camilla, Ga., GFA.
G. C. Kearse, Leesburg, Ga., farmer.
R. L. Heath, Leesburg, Ga., farmer.
R. L. Griffin, Box 1631, Montgomery, Ala., Alabama FB.
H. L. Wingate, Box 7, Pelham, Ga., farmer.
Troy Barton, Macon, Ga., GFBF.
A. T. Mace, USDA.
J. E. Thigpen, USDA.
R. C. Singletary, Jr., Blakely, Ga., farmer.
Julian Maddox, Luverne, Ala., Luverne Peanut Co.
Elmer Paulk, Ocilla, Ga., GFA.
Billy Ewing, Georgia, farmer.
W. L. Paullin, Pelham, Ga., Columbian Peanut Co.
Mrs. Virginia Culpepper, Americus, Ga., Southeastern Peanut Association.
A. J. Singletary, Blakely, Ga., farmer.
Roy E. Parrish, Moultrie, Ga., Goldkist.
Edward Jordan, Tifton, Ga., Farmers Gin & Peanut Association.
Yank Lamb, Omega, Ga., Farmers Gin & Peanut Association.
C. W. White, Bainbridge, Ga., farmer.
Pierce Christie, Dawson, Ga., GFBF.
H. B. Wilson, Abbeville, Ga., farmer.
J. H. Wyatt, Brooklet, Ga., farmer.

Conference Relative to Proposed Peanut Legislation, Washington, D. C. February 25, 1958

On February 25, 1958, a meeting was held in Washington, D. C., for the purpose of analyzing proposed peanut legislation as it affects the three major producing areas. The following persons attended representing organizations and/or areas as indicated:

M. B. Braswell, North Carolina Peanut Growers, Whitakers, N. C.
Joe Sugg, North Carolina Peanut Growers Association, Rocky Mount, N. C.
W. V. Rawlings, Association of Virginia Peanut and Hog Growers, Capron, Va.
J. L. White, Association of Virginia Peanut and Hog Growers, Capron, Va.
Walter L. Randolph, Alabama Farm Bureau, Montgomery, Ala.
R. L. Griffin, Alabama Farm Bureau, Montgomery, Ala.
J. H. Wyatt, Georgia Farm Bureau, Brooklet, Ga.
H. B. Wilson, Chairman Peanut Program of Georgia, Abbeville, Ga.
John P. Duncan, Jr., Georgia Farm Bureau, Macon, Ga.
Cyril G. Boyd, Florida Farm Bureau, Newberry, Fla.
R. Wilson, Southwestern Peanut Growers Association, Gorman, Tex.
B. D. Green, Southwestern Peanut Growers Association, Gorman, Tex.
Mr. J. E. Thigpen, Director, Oils and Peanut Division (USDA), Washington, D. C.
Mr. Turley Mace, Chief, Program Analysis Branch (USDA), Washington, D. C.
Mr. Dan Munson, Attorney, Oils and Peanut Division, Washington, D. C.

First order of business was the election of officers for the confernce. Mr. R. L. Griffin was elected chairman and Mr. Ross Wilson, secretary. The initial discussion concerned the manner of approach to be used in discussing and analyzing the proposed peanut legislation. Mr. Rawlings suggested that the group review the proposed bill resulting from the Atlanta meeting. Mr. Griffin stated that other meetings relative to the proposed bill had been held since the Atlanta meeting and that the group might review these findings. He further stated that represenatives from the Southeast were of the opinion that no peanut legislation would be passed by Congress this session since no bipartisan support would be possible. Mr. Duncan reiterated that it was also Steve Pace's opinion that this would be true.

It was mentioned that a movement was underway in Congress to freeze price support levels at the 1957 dollar value for all commodities. Several voiced the opinion that peanut legislation as presented to Congress must be part of an omnibus farm bill rather than standing on its own. Rawlings expressed the opinion that only stopgap legislation would be passed this year. However, he considered it essential that a valid bill be ready in case the present price support program is attacked and endangered this season. Mr. Braswell agreed on this point adding that he felt it impossible for any one man to gage congressional feeling. He stated that other commodities were presently working on proposed legislation. Mr. Griffin pointed out that Alabama has just begun a State promotional program and wanted at least 1 year's experience with this approach prior to entering a national promotional program. Mr. Duncan stated that Georgia has entered such a program also, whereby $1 per ton is deducted from all peanuts marketed to be used in promotion. Mr. Griffin further stated that they would not be a part of a national promotional program as it is presently proposed.

Representatives from the Virginia-Carolina area and the Southwest stated that they were ready at this time to begin work on an analysis of the proposed peanut legislation so that a sound bill would be ready if an overall farm program comes before Congress this season. Mr. Griffin stated that it was the feeling of his group that peanuts should not be the first commodity to move into the self-supporting field since peanuts represented a substantially small area in the overall commodity program. Rawlings and Sugg both felt that there seems to be a general movement toward the self-support approach to farm legislation.

A discussion was held concerning the feeling of sheller groups regarding the possible bill. Both the Southwest and the Virginia-Carolina areas have met with the respective sheller organizations and oriented them on the implications thereto. Mr. R. Wilson stated that the Southwest shellers are generally in agreement with the proposals which the Southwest is supporting. Mr. Rawlings stated that he received little or no cooperation from the sheller organizations in his area. Mr. Griffin expressed his opinion that the sheller organization in the

Southeast was not in favor of national peanut legislation at this time. Mr. Boyd said his opinion was that the proposed legislation would not favor the shellers in general as much as has the present legislation and that it seems the shellers have decided to "drag their feet" since they feel they cannot come out in open opposition. At this point Griffin stated that shellers in the Alabama area seemed quite interested in the promotional phase of the State bill.

Mr. Duncan voiced objection to the phase of the proposed bill wherein the Secretary of Agriculture is granted authority to increase acreage by types in years when a short supply of a certain type exists. He stated that his farmers are not in favor of this type provision and will not vote for it. He pointed out that the farmers in the State of Georgia are in the main, both peanut and tobacco farmers He further stated that Georgia farmers had in the recent past voted to pull out of the stabilization program on tobacco.

Mr. Rawlings cited Public Law No. 17 and said that the results of such law had been that the States of Alabama and Texas are getting more of the percentage of the national allotment each year. In contrast to this provision the law also made it possible for the Virginia-Carolina area to get an increase by types every 3 or 4 years. He stated Public Law No. 17 was a compromise or trading agreement between the three major producing areas.

At this point officials of the USDA Oils and Peanut Division joined the group. Mr. Griffin briefly summarized prior events of the conference. Mr. Thigpen was asked to compare Government loses on diversion after the $9 deduction went into effect to such losses prior to the $9 deduction. He stated that on peanuts which are diverted about half the loan value is lost and that such losses average approximately 10 to 12 million dollars each year. It was Mr. Thigpen's opinion that the group should recognize the vulnerability of present peanut legislation and work toward a sound and defensible alternate program in case the present one is attacked and/or thrown out. It was his opinion that no important overall peanut legislation would be passed by the Congress in 1958 but he foresaw no risk in proceding to produce a solid proposed program on which all three areas could agree. Mr. Griffin stated at this point that his group wanted to proceed along this line but with the definite understanding and agreement that such proposed bill would not be introduced in any manner for public hearing for at least 1 and possibly 2 years. Mr. Thigpen stated at this point that he felt there would be no risk involved in introducing a proposed bill to the Agricultural Committee or the subcommittee to show them that the major areas are working on a solid program. Mr. Braswell stated that he is in agreement with this thinking and that what risks might be involved would most certainly be overcome by the potential results.

Mr. Thigpen stated that he is generally in favor of promotion of peanuts; he felt that it should begin on a small basis and, after making a solid program at this level, proceed into a larger and more out-reaching phase. Mr. Sugg told of having met with the Southeast shellers on behalf of the National Peanut Council and that the shellers seemed very interested in promotion, even to the extent of contributing to such fund. Mr. Griffin said that in Alabama $75,000 has been allocated under their program for research and promotional purposes. He voiced objection again to the promotional phase of the proposed bill stating that he felt the Secretary of Agriculture would be given too much power or authority in saying how the money was to be spent. He therefore felt that the producers themselves would not have sufficient control of the money set aside in the proposed bill. A brief discussion was held again in reference to Public Law 17. Mr. Rawlings stated that in comparing cross-benefits from this past bill, it should be noted that Alabama and Texas have benefited over the past years approximately 152,592 acres while Virginia-Carolina increases for short supply total approximately 111,000 acres. Mr. Wyatt emphasized again, as had others, the cross current of feeling which had existed at the Radium Spring meeting (for the purpose of analyzing and changing, if necessary, proposed legislation). He stated it was the thinking of the group that it was premature at this time to attempt to resolve a definite legislative program.

Mr. Braswell said that he had considered the meeting of this date to be for the purpose of overcoming legitimate differences of opinion concerning proposed legislation even though he did not feel that a peanut bill would be passed in 1958. He said he felt the situation could be summed up by saying that the three groups either work for a compromise bill or eventually go before Congress as a house divided and thereby weaken the overall program. Rawlings stated that he is in favor of having a proposed bill before the Agricultural Subcommit-

tee, even to the extent of public hearing if necessary. Mr. Thigpen stated that there presently exists some interests in Congress who would expel peanuts from the price support program immediately if it were possible. Therefore, he felt that to be on guard by having a counter-attack ready to overcome criticism would be wise. Mr. R. Wilson said that the Southwest recognizes weaknesses of the present price support program and are ready and willing to work with the other two groups toward a solidified bill and that he was in favor of presenting such a bill to Congress so that it would be available if and when needed. Mr. Griffin stated that it is the thinking of the Alabama growers that they will be able to justify additional acreage in the future through their present promotional program which will create a greater potential market. Mr. Griffin stated again that his group would not want information concerning proposed peanut legislation aired in the press, that he would not want a proposed bill taken before the Agricultural Subcommittee for it to become a matter of public record and knowledge. Mr. Thigpen said that he had concluded from the morning discussion that the Southeast did not feel that the proposals are far enough along for public airing and that they would not reach this stage this spring or summer, but that if such a state was reached, the group would be in favor of presenting a proposed bill to Congress. Others said that they understood the Southeast was not in favor of public airing on the proposed bill under any circumstances this spring or summer. Thigpen stated that it is conceivable that national consumption might possibly outrun national yield in future years. If this should happen, the national allotment program would be in jeopardy. This is just one more reason in his opinion, for the group to plan ahead in an effort to overcome objections to the present peanut program.

It was agreed by the group to review and discuss the proposed bill resulting from the Atlanta meeting. Mr. Sugg read the bill proper point by point in its entirety.

(*a*) Discussion was held concerning paragraph (a) of the proposed bill which amends section 301, subsection (b) of the Agricultural Adjustment Act of 1938, by striking out "15 per centum" and adding "27 per centum" in the case of peanuts. This change has the effect of reducing the supply percentage under any given situation of carryover and production. With the supply percentage reduced, the percent of parity support is increased up to 90 percent of parity. After discussion it was agreed that it would probably be better to stay on present 108 scale and place the carryover allowable at about 20 percent rather than shifting to 102 scale since confusion might result. It was the consensus of opinion of the group that the Department would work out the arithmetic necessary to leave the proposed bill on scale 108 yet bring about the percent of parity desired.

(*b*) Paragraph (b) of the proposed bill provides that in determining the supply percentage the CCC carryover shall not be included in the total supply. After discussion, the majority of the members present voiced agreement with this section as written but agreed with Mr. Thigpen's suggestion to attempt to temper the wording somewhat without changing the end result in any respect. However, Mr. Randolph desired to be recorded as not in favor of this section.

(*c*) Section 2 of the proposed bill was discussed. Mr. Randolph registered opposition to section 2 of the proposed bill wherein certain acreage decreases are provided for under certain circumstances. Mr. R. Wilson voiced opposition to the abolishment of the minimum national acreage allotment of 1,610,000 acres. He stated that farmers in the Southwest in his opinion would not vote for such a provision. In intervening discussions it was pointed out that in farmer referendums the farmer only votes for title V of the proposed bill. He does vote on acreage reduction when he votes on marketing quotas. Mr. Randolph wished to be recorded in opposition to the provision in section 2 wherein type increases are possible in short-supply situations, saying that he felt it was beneficial to the Virginia-Carolina area only. It was his opinion that a decrease in the national acreage allotment from the present 1,610,000 acres would increase the chances of Virgina peanuts getting a type increase. Mr. Thigpen inserted the idea that the proposed bill made it no easier to designate and recognize a short supply by types but made it easier to determine the amount of short supply to be compensated for. Mr. Duncan voiced opposition to section 2 as did Mr. Boyd. Mr. White wished to be recorded in favor of section 2. Mr. Braswell is in favor of this self-supported type bill as well as being in favor of Public Law 17 allowing type increases. After all areas had voiced an opinion on this section it was decided to leave it for later discussion.

(*d*) Title V—Peanuts sold for publicity, promotion, and other purposes.

Mr. Randolph voiced opposition to the promotional aspects of title V. He felt that the present Alabama State promotional program, under auspices of growers rather than the Federal Government, would conflict with the proposed promotional section of title V. Mr. R. Wilson pointed out that the southwest area is opposed to that section of title V setting forth deductions for promotion at 1¼ percent. He wanted it made clear that the Southwest is in favor of such a promotional program at lower percentage deductions, possibly not to exceed 1 percent. After discussion, Alabama and Georgia wished to be recorded as opposed to the promotional aspects of title V as presented. Florida voted neutral on the matter. North Carolina and Virginia representatives were in favor of the provision as set forth.

Mr. R. Wilson stated that the Southwest desired that all remaining deductions provided for in title V, except promotion, be made strictly on an area basis. Mr. Duncan disagreed with this theory saying that he felt that all areas should assist each other in paying the costs of price support program on peanuts. Mr. Thigpen agreed with Mr. Wilson's suggestions in part but suggested that possibly it might be better to base deductions not only on areas but by types. He stated that past history has shown a tendency for Runner peanuts to produce over and above demand while Spanish has failed to produce sufficient quantity to meet demands. Mr. Randolph stated that Alabama is opposed to deductions by areas for two reasons: (1) Such a program could not be sold to the growers. (2) Although some economic justice is presented in the plan, in Mr. Randolph's opinion the fact that many Runner peanuts are crushed is a main factor in preventing the necessity of crushing other types. Mr. Thigpen presented for discussion his tentative thinking on a two-price system on peanuts. differing somewhat from a similar plan used several years ago. Such a plan might possibly provide for a farmer to grow a certain number of quota acres peanuts, plus a certain number of additional acres to be sold at an oil stock price. Since this plan would increase the possible surplus tonnage in any given year, some additional deduction would of necessity be taken from the amount the farmers received to finance the cost of such diversion.

Mr. Rawlings pointed out that if the national acreage allotment should remain at 1,610,000 acres the proposed 5 percent deduction would not be sufficient to finance the program. He added that additional arithmetic computations would be necessary to determine the percentage of increase necessary but that he estimated it would likely be in the vicinity of 10 percent.

Mr. Braswell stated that it is necessary to have legislative authority for the reductions of acres in order that supply may be brought in line with demand. If this is not done, the farmer will, of necessity, suffer in the long run. It is for this reason that he has advocated and still advocates a reduction in acres as proposed in section 2 of the bill under discussion.

A general discussion was held concerning the slight increase in producer advance value per ton of peanuts at set forth in the bill. Mr. Randolph's opinion was that any substantial increase in prices will affect adversely the consumption of peanuts at the commercial level. Mr. Braswell pointed out that history has proven that although price supports were lowered on wheat, the cost to the consumer has continued to rise.

Mr. Thigpen commended the group on the discussions for the day and opinioned that the group had reached a greater degree of agreement than possibly realized. He said that he felt the group agreed that eventually some sort of self-financing plan would be essential to the peanut industry and that such a plan might necessitate higher dollar value deductions or fewer acres allotted. He said that he felt that consensus of opinion of the group was that promotion is important although perhaps to a lesser degree than presently proposed percentagewise. He thought that further study might be given to the deduction by areas and/or type plan as he felt a plan of this sort had considerable merit.

Mr. Randolph stated that in his opinion the people of Alabama are not presently ready to accept a self-financing plan. Mr. Wilson, of Georgia, stated that he was in agreement with Mr. Wingate's earlier statements to the effect that any acreage or type increase should be made across the board for all areas.

(*e*) Section 6 of the proposed bill was briefly discussed. It had earlier been tentatively decided that the proposed bill would be based on scale 108 and, in line with that thinking, sections 6 and 7 of the proposed bill would be eliminated.

(*f*) Section 8 of the proposed bill was reviewed briefly. Mr. R. Wilson posed the following question concerning section 8: "What is the opinion of the group as to the effect the ad-on provision will have on the chances of the proposed bill

to pass Congress?" Mr. Rawlings replied that the add-on provision can be solidly defended since the resulting total would only be up to a maximum of 90 percent of parity, as compared to up to a maximum of 100 percent of parity in the case of certain other commodities. Mr. Rawlings and Mr. Griffin both stated that they felt this type provision is essential to secure grower votes for the bill. Discussion brought out that in the final analysis the cost of this proposed program is shifted from the Federal Government to the ultimate consumer.

Mr. Boyd suggested that each delegation go back home and sell the entire program as it presently stands in total. Mr. Braswell suggested that more work should be done by the group individually and possibly at a later meeting toward compromising points of disagreement.

Mr. Rawlings suggested that each area solidify a proposed bill encompassing the aspects desired; then present such a plan to the appropriate Congressmen for their study but not to be presented for a public hearing before a subcommittee. Mr. R. Wilson voiced agreement with Mr. Rawlings' suggested plan. Mr. Braswell stated that he again felt that any peanut bill must be a part of an overall farm plan. He is opposed, however, to agreeing that the bill not be introduced this season. He suggests, alternately, that the bill which each area comes up with, or an overall compromise for all areas, be put before an Agricultural Subcommittee with the definite understanding that it is not to be pushed out alone but is only to be a part of an overall farm bill.

Mr. Griffin again stated that he is definitely opposed to introducing any peanut bill this season for any public hearing.

It was agreed that representatives from each area would continue to work toward a desired proposed bill. If a meeting with the other two areas is desired in order to facilitate compromises, Mr. Rawlings is to be contacted relative to setting up a meeting. It was further suggested that insofar as possible the same personnel should attend each meeting so that all will be familiar with background discussions and provisions. It was lastly agreed that Mr. Rawlings, if and when a later meeting of all three areas is desired, will contact one person in each area relative to the meeting.

Ross Wilson, *Acting Secretary.*

1958 Letter No. 33

Georgia Farm Bureau Federation,
Macon, Ga., March 13, 1958.

To: County officers in peanut producing counties and GFBF commodity committee.
From: Troy Barton, legislative director.
Subject: Results of Peanut Meeting, Monday, March 10.

Upon call of the Georgia Farm Bureau, peanut producers from all over Georgia, with producer representatives from Florida and Alabama, met at Radium Springs to decide and chart a course of action on peanut legislation that may be introduced in this session of the Congress.

The GFBF has not proposed any legislation for this session but has had to give considerable thought and time to a proposed bill by the peanut and hog associations of Virginia and North Carolina. These two organizations have worked on a bill for the past 3 or 4 years which, from all study, seems to benefit their States more than other areas.

President Duncan presided at this meeting and opened by giving a brief report on meetings held recently and especially a meeting held in Washington relating to peanut legislation. He stated that everyone in attendance at the Washington meeting intimated that they could not go along with the Virginia and North Carolina proposal and everyone agreed it would be wise to call meetings by States of producers to make final decision.

Mr. Duncan asked Steve Pace; Walter Randolph, president, Alabama Farm Bureau; Cyril Boyd, representing Florida Farm Bureau; H. B. Wilson, chairman, GFBF peanut commodity committee; J. H. Wyatt, secretary, GFBF peanut commodity committee; and D. W. Brooks, general manager, CPA, to discuss their opinions of any legislation or the proposed bill subject to be introduced anytime.

A through discussion and question period followed and the group voted unanimously the following resolution:

RESOLUTION PASSED BY PEANUT PRODUCERS IN SESSION MONDAY, MARCH 10, RADIUM SPRINGS, GA., CALLED INTO SESSION BY THE GFBF

Whereas the peanut producers of Georgia, with producer representatives from Florida and Alabama, in a meeting at Radium Springs, Ga., March 10, called by the Georgia Farm Bureau believe, after thorough discussion and study, that the proposed legislation on peanuts by the Virginia and North Carolina peanut associations appears to be most untimely; and

Whereas the peanut problems of all areas are more or less the same and these problems should be thoroughly studied and discussed before any changes are made in the now existing law and in this proposed legislation we find many areas of disagreement and because of the many uncertainties involved: Therefore, be it

Resolved, That it is the opinion of this group of producers, representing the growers of Georgia and neighboring States, that no legislation of any kind should be introduced in the Congress at this time; and be in further

Resolved, That attempts be made to work our differences and if any effort is made to present any bill to the Congress on peanuts at this time the Southeast area would be compelled to vigorously oppose such legislation.

Keaton Cox, of Mitchell County, moved the adoption of the above resolution, seconded by H. B. Wilson and carried unanimously.

Below are some reasons, voiced by producers, why no legislation should be introduced in the Congress at this time.

(1) Farm leaders believe it to be the thinking of many Congressmen and Senators that if a peanut bill were to be introduced this year that the entire peanut program may be killed.

(2) National administration leaders have been quoted as saying the peanut program has cost the Government more money than was spent on missiles during the entire period of the last Democratic administration.

(3) Too much disagreement between peanut producing areas on proposals such as—

(*a*) Lowering of the national allotment below the 1,610,000 acres. (GFBF opposes any reduction while Virginia and North Carolina hog and peanut associations favor.)

(*b*) Allotting peanut acres by types. (GFBF opposes while Virginia and North Carolina hog and peanut associations favor.)

(*c*) Raising of a national fund of 5 percent of price per ton to promote, advertise, provide research, and help pay CCC losses. (GFBF opposes on grounds that the State can do a better job of this than the Federal Government.)

(*d*) Redefining "carryover" in the definition of normal supply to provide that the carryover be increased from 15 to 27 percent. (GFBF opposes this feature, at this time, even though by doing this would increase the support price by about 2 percent—by agreeing to this, at this time, would no doubt encourage a bill to also include points (*a*), (*b*), and (*c*) above which would harm the producers of Georgia.)

(*e*) Lowering from 108 to 102 percent the supply percentage in figuring support prices. As you know when supply exceeds 108 percent of a normal supply the flexible price support program goes into effect. The lowering to 102 percent would do nothing but reduce the level of support. (GFBF opposed this proposal while Virginia and North Carolina hog and peanut associations favor.)

The Southwestern Peanut Shellers Association have requested the USDA to grant an increase in Spanish peanuts for 1958. The USDA is holding a hearing on this request March 14. Copy of a telegram your GFBF sent Mr. Jim Thigpen in opposition to this request is reproduced below:

J. E. THIGPEN,
Director, Oils & Peanut Division, Commodity Stabilization Service, USDA, Washington, D. C.:

Permit the GFBF to oppose vigorously the application set for hearing Friday, March 14, on application requested by Southwestern Peanut Shellers Association for increase in acreage allotment of Spanish peanuts.

First our organization is opposed to any increase in acreage on a type basis.

Secondly, the Southwest now has acreage allotments equal to almost one-

third of the national acreage allotment, which should be ample for the production of all Spanish needed during 1958–59 marketing year.

Increased allotments would result only in the production of a surplus of Spanish peanuts, which would depress the market for growers and substantially increase the losses of CCC.

Their request is fantastic, unreasonable, and wholly without justification.

JOHN P. DUNCAN, Jr.,
President, Georgia Farm Bureau Federation.

Mr. RAWLINGS. I would like to say that apparently the bill hadn't been studied too closely, and in the first year definitely the growers will make a very definite contribution toward paying the cost of the program.

I would like to state, too, that I did not state this morning that increasing the allowance for carryover in computing normal supply would raise the support price to 90 percent of parity.

Mr. PACE. I certainly want to withdraw that statement.

Mr. MCMILLAN. Without objection——

Mr. PACE. Bill is an honorable man.

Mr. RAWLINGS. I think the arithmetic we have will have about a 2-percent effect on it, and I am a little taken back that the friends who have stood before for a 90-percent price support program on peanuts now stand up against every feature of the bill which will help achieve a 90-percent program.

Also we were encouraged to do like the growers were doing in the Southeast, in having their own deduction. I feel that our friends are a little thoughtless there because I believe they know that for approximately 10 years growers in Virginia have been doing that very same thing and for an appreciable number of years the growers of North Carolina have. In fact, we spent many hours with the grower groups in the Southeast, Steve, helping them with the bylaws, furnishing them material, copies of our State legislation, and being of any assistance we could. So we have been at that about 10 years in our area and I think the record should show that.

I thank you.

Mr. ABBITT. Let me ask you just this question, if I may. Approximately what has been the percentage of reduction in price to the peanut producers in the last 2 years, reduction from 90 percent?

Mr. RAWLINGS. We have gone from 90 to 82 percent of parity and we have had a 10-percent bite already on modernized parity and we will take more.

Mr. ABBITT. Who has taken that reduction?

Mr. RAWLINGS. The growers. And if we get everything we have talked about in the bill as you introduced it, we won't be back with the return to growers of what it was before those two things started working on us, and in the next place, all during those years, the type of things farmers have to back to produce peanuts continues to go up.

Mr. ABBITT. Do you know of any reflection of that reduction to the ultimate consumer of the peanut product?

Mr. RAWLINGS. I do not. We were encouraged about the modest increase in consumption, but it wasn't mentioned that in the last 2 or 3 years we have had 2 or 3 very big operators come into the peanut business, particularly in peanut butter. Procter & Gamble and Best Foods. There has been an advertising program carried on on those brand names. The only study we have authoritative at all on the

effective price of the farm level on the consumption of peanuts is a study of 1952, a 1-percent cut in price of farm level that could only be expected to increase consumption by four-tenths of 1 percent. So you see how the farmer comes out when you carry that on for a few months.

Mr. ABBITT. What did you say the total reduction was that you take?

Mr. RAWLINGS. It is a combination of going from 90 percent of parity to 82 percent of parity plus a 10-percent further price cut on two 5-percent bites on modernized parity and we have got right near that much more to go on modernized parity at 5 percent a year.

I will tell you this. When you get through with modernized parity alone, it will take approximately some $40 a ton off the support price of peanuts if we still had a 90-percent program. That is approximately correct; isn't it, Steve?

Mr. PACE. Yes. It has been pretty heavy, that modernized parity.

Mr. RAWLINGS. I wanted to get that in the record. We are not up here asking for something we think is unreasonable or something we think we have to apologize to anybody about.

Mr. ABBITT. Mr. Chairman, I would just like to introduce the chairman of the Virginia ASC Committee, Mr. Delmar Carr. He doesn't care to make a statement, but he is from the peanut area and is doing a splendid job in his effort to help the farmers of Virginia.

Mr. MCMILLAN. Stand up and give the reporter your full name and whom you represent.

Mr. ABBITT. And Mrs. Carr, his charming and gracious wife.

Mr. MCMILLAN. We will be glad to hear you at this time.

Mr. CARR. Mr. Chairman and Mr. Abbitt, I want to thank you for the recognition. I have no statement. It is a pleasure to be here with you.

Mr. MCMILLAN. Thank you. You have a mighty good Congressman.

The committee will hold these hearings open for other meetings at a later date and consider all the statements that have been made here today. If we want to call you in later, we will certainly do it. We will certainly have a report from the Department sometime in the near future, and will take further action on this bill at a later date.

The committee will stand adjourned until the call of the Chair.

(The following statement was submitted to the subcommittee and without objection by the chairman is inserted in the record:)

STATEMENT OF MARSHALL BALLARD, JR., PRESIDENT, AMERICAN TUNG OIL ASSOCIATION

Mr. Chairman and honorable members of the committee, my name is Marshall Ballard, Jr., of Lumberton, Miss. I am president of the American Tung Oil Association, and a member of the board of directors of the National Tung Oil Marketing Cooperative and of the Tung Research & Development League. Membership in these three organizations produce two-thirds or more of the total United States production of tung oil annually. Like all other officers and directors of our three organizations, I am a tung grower; and like the great majority of tung growers, my life savings, and all that I have and own are wrapped up in the tung industry. I speak to you therefore not as a professional attorney, nor as a hired lobbyist, but as a plain farmer who will succeed or fail in the tung industry during the coming years.

At this time, I am serving as chairman of the committee on miscellaneous commodities of the National Conference of Commodity Organizations. Represented on my committee are such commodities as peanuts, tobacco, sugar,

naval stores, potatoes, fruits and vegetables, honey, and, of course, last but not least, tung. This Committee of the National Conference is more or less a coordinating committee for the various commodities just mentioned. I do not pretend to pose as an expert on all of the commodities represented on my committee. I understand that most of these commodity groups are offering specific legislative proposals on which their respective representatives will address you gentlemen in the course of these hearings. I, therefore, shall undertake to answer specifically only for tung.

The American tung oil industry is still relatively new. Our oldest producing commercial orchards are under 30 years of age and the great majority of tung trees are under 25 years old. The product of the tung tree is tung nuts and from tung nuts is expressed tung oil. Tung oil has unique and unduplicatable qualities for use in paint, varnishes, waterproof goods, printers' ink, and many other products. It was regarded as so essential to the domestic security during World War II that the entire domestic production was commandeered by presidential proclamation and was allocated only for strategic uses.

Tung oil is used by American industries to the extent of some 40 to 50 million pounds annually. Its production in the United States is limited by weather and soil requirements and is thus restricted to a belt about 50 miles wide near the Gulf Coast and extending from Texas to Florida. The American tung industry now produces from one-half to three-fourth of the Nation's requirements for tung oil annually. We feel sure that there is competent leadership in all phases of American agriculture to present their own problems and to propose solutions which are worthy of your most serious consideration.

As a still new agricultural industry, we studied with great interest the recent interim report prepared by the President's Commission on Increased Industrial Use of Agricultural Products. This Commission was created by Congress and instructed to make recommendations for such legislation as may be needed to increase the industrial utilization of new and familiar farm crops. The interim report by the Commission as you may recall, made a series of recommendations (1) for the introduction of certain new crops, (2) for an unparalleled program of research for developing the usage of new crops and established crops, and (3) to provide varied forms of financial support by the Federal Government until what was termed the "awkward period" for these new crops and new uses of established crops had passed.

The point we wish to stress here is that the tung industry is now in the "awkward period."

We acknowledge with a great deal of gratitude our appreciation of the assistance of the Federal Government for its program of research to develop basic information on sound cultural and fertilization practices and the like for tung, all of which has been necessary to the efficient production of this new crop. We are most grateful, also, to the Southern Regional Research Laboratory at New Orleans for its studies on the chemical and physical structure of tung oil—all of this related, of course, to the extension of tung oil markets through the development of new uses. These services have been valuable, indeed, to our developing industry but are small indeed compared to what is proposed under the interim report to Congress referred to above.

Literally, gentlemen, the tung industry has been lifting itself by its own bootstraps beginning about 30 years ago. The present tung belt was then a vast area of cutover pineland. The farm population was small. The interior communities were small and were threatened with extinction as the sawmills cut out the timber and closed down and provided no remaining employment for the population. The soil in this particular area is not inherently fertile, although it is blessed by abundant year-round rainfall and a magnificent climate. Cotton had played out due to the coming of the boll weevil and for other reasons inherent to this area. Returns from corn production were meager; and the chief remaining source of income were the gaunt native longhorn cows and scrub sheep which ranged over the cutover pinelands—a very mediocre source of livelihood at best.

In this unpromising situation a group of farseeing men—beginning in Florida and gradually extending through Georgia, Alabama, Mississippi, and Louisiana—conceived of tung as the one crop that would thrive best under our local circumstances. During the years that have followed, and until quite recently, the tung industry flourished. With it have developed also a thriving modern livestock industry, utilizing improved pastures, a large poultry industry and an even larger dairy industry, along with a very comprehensive reforestation program. As a result the general tung belt area has progressed to an amazing extent. But the basis for and hard core for all the progress farmwide in this particular area

has been tung. Apparently until just a few years ago, we were well on the way toward the development of a prosperous and profitable agriculture in an area which had been almost desolate a mere quarter of a century before.

During these years of tung development, we have invested some $50 million in farms including buildings, orchards, pastures, fences, machinery and equipment, and in processing plants. We have survived the earlier mistakes—and they were numerous and costly—and, we now feel that we have a lot of the know-how.

For the past 5 years the price of tung oil has declined year by year to a point where even our better managed tung farms are hard pressed to make ends meet. It is true that we have had some disastrous weather conditions, but the hazards of late spring frosts have been recognized from the beginning. We expected to recoup in good years losses suffered during bad ones. Such was the case during the earlier years, but it has not been our experience during the past 5 years. We had bumper crops in 1952 and 1953. A rather small crop in 1954, a virtual crop failure in 1955, and fair crops in 1956 and 1957. Apparently, we now have an excellent crop on the way. But do we have a change to recover our losses? We do not. The price of tung oil is now so low that even with an excellent yield in prospect we cannot hope to do much more than break even. Actually, gentlemen, the yield of tung oil, even from our better managed operations during the past 4 years has returned less, after the costs of harvesting and milling, than was paid to many other types of farmers for not producing under the Federal soil-bank program.

And we feel that our future, gentlemen, is no brighter than the recent past, unless there shall be decisive action on the part of you gentlemen in the Congress.

Those of us who have lived with—who have virtually devoted our lives to the tung industry—are convinced that our problem is threefold. These threefold phases are—

(1) A parity price formula which is totally unfair to us; this phase of the problem we understand is common to many other segments of agriculture and must be corrected by some fair and adequate means;

(2) Support prices established at levels so low as to force the downward trend of tung-oil prices we have experienced during the last 5 years; and

(3) An excessive and altogether unreasonable allowance of imports of tung oil from foreign countries.

These three factors are interdependent and inseparable.

The salvation of the tung industry is absolutely dependent on the solution of these 3 problems—not just 1 of them nor 2 of them, but all 3 of them.

I. AN EQUITABLE PARITY PRICE

We, in the American tung industry like many other segments of American agriculture with whom we have discussed the problem feel that a modernized version or method of computing parity is highly essential at this time if our producers on the farms are to share equitably in the fruits of our national economy. If American farmers and United States tunggrowers are no exception and are to receive a fair and equitable price for the fruits of their labors, a more modernized and sounder method of computing parity prices must be forthcoming immediately.

The National Conference of Commodity Organizations is working on a new method of computing parity. We are cooperating closely with the NCCO in the study of this whole subject and we are inclined to feel that a constructive proposal will soon be forthcoming from the NCCO relative to an adequate solution of this troublesome problem.

By way of example, we might add that the effect of the present sliding-scale method of computing parity prices has been particularly disastrous to tung. During the original base period we enjoyed fairly good prices; but because of low support prices and further considerations to be discussed later, the parity price of tung has gone down and down.

Thus, the parity price of tung nuts was $100 per ton in 1949, $105 in 1950, $112 in 1951, $108 in 1952, $97.50 in 1953, $91.60 in 1954, $85.10 in 1955, $82.70 in 1956, and $80.20 in 1957.

Unless something is done by Congress, within the next 2 or 3 years, we shall have eliminated all the good price years and our basic parity price will be somewhere around 21 cents per pound. In that unhappy event even 90 percent of parity would be of little worth to United States tunggrowers.

II. SUPPORT PRICES IN LINE WITH AMERICAN STANDARDS OF LIVING

The Agricultural Adjustment Act of 1933, as amended, was enacted by Congress to assure that American agriculture received a fair, adequate, and equitable share of the fruits of our United States economy. It set up the price-support program, backed by loans made by CCC. Certain crops are designated as "basic," support of which is mandatory at 75 to 90 percent of parity; the support of other crops, including tung, may range from 60 to 90 percent in the discretion of the Secretary of Agriculture. The support price is established annually.

The wide range in the percentage of parity which may be used by the Secretary of Agriculture as the basis for the support price, has been particularly harmful to the tung industry. This is because of the very low percentage employed. Since 1950 we have had 9 years of support—3 at the rate of 65 percent, 1 at the rate of 62.2 percent, and 5 at the rate of 60 percent. Our pleas for even 75 percent of parity have been denied.

Worst of all, the support price has a direct influence on the general market; experience indicates that the consuming industries use it as a yardstick for measuring fair market price. And whether so intended or not, we are convinced that the ever-declining price of tung oil since 1951 is attributable in large measure to the decline in support price year after year in recent years. Almost without exception since 1953, the support price when announced was lower than the then prevailing market price—and almost without exception the market went down.

III. SENSIBLE REGULATION OF IMPORTS OF FOREIGN TUNG OIL

During recent years, as our city population has increased and as our farm population has decreased, critics who have not thought the farm problem through, have increasingly condemned the farm program as a whole because of the cost of Commodity Credit Corporation operations. That cost has been considerable, it is true. But full truthfulness requires also that we consider other aspects of the national economy, and above all, that things be kept in true proportion.

The amount of money we have spent in support of our American farmers is small indeed when compared to the billions of dollars we have spent overseas for defense and rehabilitation of countries all over the world. Even from a domestic standpoint, it is small indeed, compared to the subsidies granted to labor through minimum-wage legislation, to industry such as shipping by direct subsidy and to many other industries through fast tax writeoffs and the like. We do not quarrel with any of these subsidies or the policies establishing them. Rather than condemning these policies and practices, we most heartily approve of most of them. Any other course would be foolish.

The point we wish to emphasize is that the expenditure of these multibillions of dollars have so vitalized industry that industrial earnings have been for years the highest ever experienced; and so stimulated the need for labor that industrial workers in the United States for years have enjoyed the greatest prosperity ever experienced by any people in the history of the world.

Agriculture, meanwhile, has experienced ever-decreasing prices for products sold and ever-increasing prices for necessities purchased.

Who among those groups of our people who have enjoyed this unprecedented prosperity shall cast the first stone at long-suffering agriculture?

When viewed in the light of the above perspective, the amount of money that has been spent in support of our own American farmers is small indeed, gentlemen, when compared to that which has been spent to stimulate such unprecedented prosperity in other segments of our national economy, to say nothing of that which has been spent to bolster the prosperities of countless foreign nations around the world.

But more about this surplus of farm commodities in the hands of CCC.

Most of you remember learning at your mother's knees the story of Joseph in Egypt. Joseph, by his interpretation of the pharaoh's vision, foresaw that Egypt would enjoy a series of fat years, followed by a series of lean years. Whereupon Joseph ordered the storage of surplus food produced during the fat years.

I imagine that the people complained a great deal about the amount of money the Egyptian Government was spending to subsidize its farmers. But when the lean years came, there was food aplenty, and the people rejoiced.

Many of you will recall the frantic appeals in World War I for farmers to produce more, because armies travel on their bellies. Farmers did produce more, and they kept on producing to feed and clothe our allies, even our former enemies. But they built up surpluses over the years; prices went lower and lower year by year and American agriculture as a whole was virtually bankrupted in the early thirties. Then came the drought years, and the very surpluses which had so nearly destroyed farmers everywhere provided cheap food and fiber for a nation unemployed, in hunger and want.

The same continuing surpluses came in right handy in World War II, when we found it necessary to feed and clothe, not only ourselves and our allies, but later on our conquered enemies, and still later, people all over the world who were and still are in need and hungry—people ripe for the beguiling promises of communism.

So, gentlemen, is it fair in the light of history to criticize too severely our so-called farm surpluses? They saved Egypt in Biblical days. They saved our allies during two World Wars and have contributed greatly to recovery after peace came.

The threat of another war—a war more destructive, perhaps, than the human mind can conceive of—hangs over our heads constantly. God grant that it may never come.

But if it should come, the very surpluses of farm commodities under such vicious attack today, will be among our greatest treasures. Tanks and guns and planes and other horrible implements of modern warfare are necessary, of course; but so is food and clothing. Our reserves of food and fiber are not a burden; in fact, they are among our greatest assurances of national security.

After this stout defense of reserve farm products in the hands of CCC, you may be surprised at the following statement:

Tung producers of the United States, in the truest sense, are not responsible for 1 pound of the some 15 million pounds of tung oil now in the hands of CCC.

We have never produced in the United States enough tung oil in any year to supply United States factory requirements, never even in our very best production years.

The one reason why domestic tung oil has remained under loan more than temporarily is that imports of foreign tung oil have been permitted to flood our markets year after year.

Tung oil, like most other products of human labor, sells at a lower price on world markets than on United States markets. Many of our industrial and agricultural products are protected against excessive imports by tariff fees, import restrictions, and similar devices. Not so, in the case of tung.

And so, a peculiar but altogether distressing market situation has arisen.

Tung growers of other nations of the free world have practically no home market for their product and practically their entire production must be exported. Naturally they seek the highest market available, even if the gain is no more than a fraction of a cent a pound.

In the United States we are protected by a support price which is entirely too low but which nevertheless provides an umbrella over all tung oil sold in these United States. Our domestic producers will not sell at lower than the support price. This gives the foreign producers the opportunity to undercut the prevailing United States price and thereby force the domestic production into the hands of CCC.

Red China has dominated the European market for a number of years, and the European price has been consistently lower than the United States price. During the past year, however, large quantities of tung oil from free world countries have been shipped to Europe and a price war has resulted. Tung oil is today around 8 cents per pound cheaper in Europe than in the United States. Under Presidential decree we permitted the import of some 26 million pounds during the year. This amount, much greater than needed, was imported at prices just under the prevailing market price and in several instances even slightly under the support price, so that much of our domestic production was forced under CCC loan. Thus our support price, while giving insufficient but greatly needed protection to United States growers, has served as an umbrella to protect the price of some 26 million pounds of foreign oil.

The basic cause of this situation is excessive imports of foreign tung oil.

Now, the tung industry is in another position which is somewhat unique. We feel that it is to the best interest of the public, the manufacturers, and our own producers, that sufficient oil be available at all times to supply all reasonable factory demands. To this end we do not want to prohibit imports of tung oil

entirely from foreign countries. We are anxious that imports be permitted to the extent of the amount needed to so supplement our own production as to supply all reasonable domestic requirements. And we do not seek to penalize such needed imports by tariff fees.

Congress has provided broad avenues of relief to meet our situation as we have outlined it. The remedy now available to us is section 22 of the General Agricultural Adjustment Act.

However, from hard-earned experience, we have come to discover—first of all, that section 22 leaves entirely too much to the discretion of those agencies in the executive branch, to which the authority is delegated, to decide whether or not to impose the necessary import restrictions. Second, and by no means of any lesser importance, is the fact that the process provided by section 22 for obtaining relief from imports contains so much lost motion that by the time the remedy may have been applied the patient had long since expired.

In brief, what is so badly needed, gentlemen, is the provision of automatic import controls by law in place of controls according to the whims of men.

Briefly, we feel that a determination should be made annually of the amount of tung needed to fill all reasonable and legitimate requirements of consumers. In addition a reasonable carryover should be provided for in order to meet any possible unforeseen contingencies in consumers' needs. At the same time, an estimate of the total supply of tung oil that would be available from all domestic sources, both public and private, to meet the estimated demand plus carryover should be made. Any shortage in supply on this basis should be filled by imports from foreign producing countries upon a quota basis to the extent, but only to the extent of the indicated shortage.

Over and above this so-called normal plan, we believe that the President should be granted emergency power to extend a quota so established in the interest of national defense or of the general national welfare. When, however, the President might deem it necessary to use this emergency power and authorize the importation of additional amounts of tung oil in excess of the normally established quota, we feel that an amount of oil equivalent to the excess imports should immediately be purchased and removed from the market by the Secretary of Agriculture. And that the cost of such purchases should be charged to appropriations for the specific project or projects intended to be served by the President's permit instead of to CCC's account. In this way the American people as a whole would share the cost of meeting the emeregency instead of having this cost borne entirely by America's farmers. We believe that most Americans would consider this procedure as being only just and proper.

SUMMARY OF RECOMMENDATIONS

I have discussed with you some of the major problems of our tung industry, all of them concerned with price and other factors over which we growers have no control whatever. We have other problems the solution of which is within our control to a large extent; and through our three organizations, which we are financing at considerable cost and sacrifice we hope to do something about them. This statement is merely to assure you that we are not coming to you pleading for help while doing little or nothing on our own.

The solutions we propose for your consideration are neither haphazard nor hastily arrived at. Those of us who have lived with tung and fought for tung these many years have devoted many hours of thought along with deliberations and discussions, and we feel that we are competent to speak authoritatively on the issues discussed with you.

We are of course familiar in a general way with the farm problem as a whole in this country. We do not, however, feel fully qualified to discuss with you measures for the relief of other distressed commodities. We speak only for tung. It is our firm conviction that any permanent solution to the overall farm problem must be made on a commodity-by-commodity basis. Our recommendations therefore, while general in some respects, are specifically applicable to tung.

We therefore request and urge that the Congress include in any new or revised agricultural legislation the following provisions:

1. That the basic parity formula be reappraised so that the parity base and resulting parity prices shall at all times be realistic and adequate relative to the economic times.

2. That support prices and support price floors be fixed at such percentages of parity as to insure prices to farmers in keeping with the American standard

of living. We suggest for tung a minimum support price of 75 percent of parity, as proposed in H. R. 11215.

3. The year-by-year control and limitation of imports (in the case of tung oil) to that amount needed to supplement our domestic production so as to satisfy all legitimate domestic requirements, plus a reasonable carryover to care for any emergency. Such calculations and allocations should be made prior to but not too far in advance of the beginning of each marketing year.

We urge further that the meaning of the Congress be clearly and specifically set forth and that only the barest necessary minimum of discretionary authority be vested in administrative officials.

AGRICULTURAL IMPORTS

SEC. —. Section 22 of the Agricultural Adjustment Act, as amended, is further amended by adding the following new subsections:

"(g) In addition to the import controls provided above, the Secretary of Agriculture is authorized and directed to prescribe import quotas in the manner hereinafter provided for the purpose of preventing imports from adversely affecting the agricultural policies of Congress. It is the policy of Congress, except as otherwise expressly provided for any commodity, to maintain adequate domestic sources of supply of agricultural commodities and the products thereof and to stabilize domestic prices for such commodities and products at levels which will equalize the economic status of agricultural producers with that of other segments of the economy generally and provide fair returns for the labor and investment of such producers.

"(h) Imports of articles which interfere or tend to interfere with the objectives mentioned above by displacing or tending to displace sales or other outlets for domestically produced agricultural commodities or the products thereof or by creating a condition of uncertainty with respect to domestic supply-demand relationships, or by injecting an element of instability in long-range planning, adversely affect the agricultural policies of Congress. Import quotas shall be established by the Secretary for all articles the importation of which in the quantities reasonably to be anticipated would adversely affect the agricultural policies of Congress with respect to any agricultural commodity or the products thereof. Subject to the limitations hereinafter provided, quotas so established shall be at such levels as the Secretary determines and announces would not have such adverse effect.

"(i) Import quotas established by the Secretary under this section may not be proportionately less than 50 per centum of the total quantity of such article which was admitted for consumption during a representative period determined by the Secretary. If there were no imports of the designated article in a representative period, a zero quota may be established. Designations of articles in such quotas shall be sufficiently broad to prevent evasion and unless otherwise provided shall include any form, mixture, product, or source in which the article appears in other than inconsequential amounts. Designations may be amended by the Secretary to prevent evasion, without hearing. The Secretary shall give due notice and afford interested parties an opportunity to appear and present statements in connection with any ruling establishing, modifying in a substantial degree, or terminating any such import quota. The Secretary may prescribe rules and regulations relating to the powers conferred upon him by this section, and his decisions with respect to such import quotas shall be final.

"(j) The President may authorize imports of any article in excess of the quantities established by the Secretary as the level at which the agricultural policies of Congress would be adversely affected.

"(k) No imports of any article for which import quotas have been established by the Secretary in accordance with this section shall be admitted for consumption in excess of the import quota so established plus such additional quantities as may be authorized by the President in accordance with this section.

"(l) Whenever additional imports of any article shall be admitted for consumption in accordance with the authorization of the President as herein provided, the Secretary, through the Commodity Credit Corporation or any other agency available to him, shall remove from the domestic market a corresponding quantity of articles the sales or other outlets for which are adversely affected by such imports. Articles so removed from the domestic market shall not thereafter be disposed of by the Secretary in such a manner as to adversely affect the

agricultural policies of Congress. In removing such excess supplies from the market, the Secretary may acquire either imported articles or domestically produced articles. The cost of removing from the domestic market excess supplies equal to additional imports authorized by the President, as herein provided, shall be separately computed and shall be charged to appropriations relating to the programs served by such additional imports.

"(m) The provisions of subsections (a) through (e) shall not be applicable to the commodities or products covered by subsections (g) through (m), except that import quotas or tariff rates in effect on any such commodity or product shall continue in effect until such time as import controls covering such commodity or product become effective under subsections (g) through (m)."

(Whereupon, at 6 : 10 p. m., the hearing was recessed, to reconvene at the call of the Chair.)

PEANUT PRICE SUPPORT PROVISION

MONDAY, JUNE 9, 1958

HOUSE OF REPRESENTATIVES,
COMMODITY SUBCOMMITTEE ON PEANUTS
OF THE COMMITTEE ON AGRICULTURE,
Washington, D. C.

The subcommittee met, pursuant to call, at 2 p. m., in room 445, Old House Office Building, Representative John L. McMillan (chairman of the subcommittee) presiding.

Present: Representatives McMillan, Grant, Albert, Abbitt, and Harrison.

Also present: Representatives Poage and Matthews; and Mabel C. Downey, clerk.

Mr. MCMILLAN. The committee will come to order.

This meeting this afternoon was called specially to hear from the Department on H. R. 12545 and H. R. 12566.

Mr. Miller just called and stated he would be delayed a few minutes. Mr. Thigpen, would you care to make a statement before Mr. Miller gets here?

Mr. THIGPEN. I would prefer if we can to wait for Mr. Miller to make a statement.

Mr. MCMILLAN. Mr. Vance, I believe you have to catch a plane or a train. Would you like to give your statement right now? We would be very glad to hear any statement you would like to make.

Give the reporter your name and title.

STATEMENT OF JOHN B. VANCE, PRESIDENT, VIRGINIA FARMERS UNION

Mr. VANCE. Mr. Chairman and members of the committee, for the record, I am John B. Vance, president of the Virginia Farmers Union and a member of the board of directors of the National Farmers Union. I am appearing before the committee today on behalf of the three-quarters of a million voting members of the National Farmers Union as well as the 17,000 voting members of the Virginia Farmers Union.

I appreciate very much, Mr. Chairman, the scheduling of this hearing and the opportunity afforded me to present our views with respect to H. R. 12566 recently introduced by Congressman Abbitt.

The Farmers Union supports the objectives and principles contained in H. R. 12566. We consider the provisions of this bill as most constructive toward bringing about an improved peanut price-support program although it falls far short of being fully adequate. Farmers Union believes that the producers of peanuts as well as the producers of all other agricultural commodities are entitled to parity of income

and that any legislation which falls short of this objective is less than fully adequate.

We support H. R. 12566 because we believe it will definitely bring about an improvement in the existing program. Commenting briefly on the major provisions of the bill, I would like to point out that the first major provision will change the carryover allowance used in the definition of normal supply from 15 to 25 percent of estimated consumption.

The marketing year for peanuts begins on August 1, and it is necessary that the industry have on hand in the various phases of the supply pipeline a substantial quantity of peanuts on August 1 in order to operate efficiently until the new crop becomes available in the latter part of the year. The records will show that for the past 5 years the industry has averaged approximately 21 percent as of August 1. This is exclusive of CCC stocks. During the same years the holdings of CCC have been rather large. It is conservatively figured that the industry would need to carry at least 25 percent of estimated consumption as of August 1 in order to keep the pipeline open until the new crop becomes available.

In other words, as we see it, the purpose of this provision is to make the legislative allowance for carryover consistent with the established present day practice of the industry. We do not believe it fair to the growers to unduly penalize them with a lower support level by virtue of the fact that the legislative allowance for carryover is considerably less than the established practice of the industry.

The next major provision of this bill would eliminate peanuts held in CCC inventory from the supply in calculating the supply percentage for price-support purposes. This change will not eliminate peanuts carried by CCC from the supply for purposes of determining the marketing quota. The purpose of this provision is to permit the carryover of reserve stock of peanuts in good crop years which can be offset by reduction of quota in subsequent years without having the CCC carryover reduce the level of price support.

The next major provision of H. R. 12566 provides that the quota be fixed at 105 percent of estimated consumption. As long as the minimum allotment of 1,610,000 acres is in effect, it is not necessary to have any particular cushion in fixing the quota as anything near a normal yield will produce or tend to produce more than an adequate supply of peanuts for the trade.

However, when the minimum national allotment is fixed at a slightly lower figure as is provided in H. R. 12566, and we thereby seek to adjust supplies more nearly in line with demand, it is considered highly desirable to have at least a 5 percent cushion in determining the quota in order to serve as a safeguard against a short supply.

The major provision of H. R. 12566 authorizes a referendum of growers on the question of the levying of an assessment to provide funds for (1) paying the diversion cost on surplus peanuts acquired by CCC; (2) paying shellers for diversion of lower quality peanuts; (3) paying the administrative cost of grower cooperatives contracting directly with CCC; and (4) for other purposes—the promotional part of the program.

It is further provided that the price-support level will be increased by 5 percent above that which would otherwise be determined, pro-

vided the growers in a referendum elect to utilize the self-supporting and promotion program.

We believe, Mr. Chairman, that this particular provision has considerable merit and deserves every possible consideration.

May I point out further in this connection that it is rather difficult to understand how anyone could possibly oppose this particular provision in view of the fact that (1) it does not become operative unless a two-thirds majority of the producers voting favor it and (2) it removes as a point of contention, so far as the peanut price-support program is concerned, the cost factor which the opponents of price-support programs invariably use as a jumping off place in their opposition.

We strongly support this provision, providing it could never become operative without approval of the producers in a referendum and provided further the provision for a 5-percent increase in supports is retained intact as now written in the bill.

We indeed appreciate the opportunity and courtesy extended us in presenting our views on this important peanut legislative matter. We are sure the actions of this committee will be in the best interest of the peanut growers everywhere.

We are sure, Mr. Chairman, whatever action your capable committee deems to take will be in the best interests of the peanut industry.

Thank you.

Mr. McMillan. Thank you, sir. Any questions?

Mr. Abbitt?

Mr. Abbitt. I appreciate very much your coming up here. Mr. Vance is president of the Farmers Union of Virginia. He is very much interested in the peanut program and all agricultural programs.

Thank you for a fine statement.

Mr. McMillan. Yes; I know they have appeared several times before the committee.

Mr. Poage. Mr. Chairman, I would like to ask Mr. Vance if he agrees that we should equalize the supports and the grades all over the peanut area?

Mr. Vance. I can see considerable merit in that, Congressman Poage.

Mr. Poage. Do you see any reason why we should not do it?

Mr. Vance. Based on my rather limited knowledge of the technicalities of the peanut program, offhand, I cannot.

Mr. Poage. Thank you.

Mr. Abbitt. I understand what they are after is a differential in support for the various types. You can see no adverse effect, and you feel it would be well to eliminate that differential, so each type would be equal with the others?

Mr. Vance. I think so, Mr. Congressman.

Mr. McMillan. Thank you very much.

Mr. Vance. Thank you, sir.

Mr. McMillan. Mr. Roy B. Davis.

Mr. Abbitt. Mr. Davis is president of the Virginia Farm Bureau.

Mr. McMillan. Mr. Abbitt may introduce you and make any statement he wishes.

Mr. Abbitt. He is a very outstanding farmer. He knows the Agricultural program. He is well qualified, in my opinion, to give us some sound advice on this legislation.

I appreciate your coming up here, and I know the committee does, too.

Mr. McMillan. Mr. Davis, if you will give the committee your full name and title.

STATEMENT OF ROY B. DAVIS, JR., PRESIDENT, VIRGINIA FARM BUREAU FEDERATION

Mr. Davis. Thank you, Mr. Abbitt.

Mr. Chairman and gentlemen of the committee, I am Roy B. Davis, Jr., president of the Virginia Farm Bureau Federation. We appreciate this opportunity to appear before you and present the views of the Virginia Farm Bureau Federation, an organization of more than 17,000 Virginia farm families who have paid, at this time, their 1958 dues.

Our organization represents all phases of Virginia agriculture, and we are constantly working to improve the farm income of Virginia farm families by working together as a group and accomplishing those things for Virginia agriculture by group action which they, as individuals, cannot, or find it more difficult to accomplish.

At our most recent annual State convention, the delegates from the county farm bureaus comprising the membership of the Virginia Farm Bureau Federation, adopted the following resolution:

We support the enactment of peanut legislation which will—

1. Permit peanut growers to decide in a referendum whether to adopt a self-financing and promotional program designed to put the peanut program on a basis of no cost to the taxpayer.

2. Peanuts held by CCC be excluded from total carryover computations.

3. Provide for adjustment in the national acreage allotment for underharvesting.

4. Repeal minimum national acreage allotment with a proviso that it cannot be reduced more than 5 percent of the previous year's allotment.

5. Revise the method by which the Secretary determines a short supply of peanuts of a particular type and the method used in arriving at the increased acreage allotment to be provided for a type determined to be in short supply.

6. Provide for changing the conversion table to be used in determining the percentage of parity support by using the set of conversions now established for corn, wheat, and rice, instead of that now used for cotton and peanuts.

However, the delegates from the several States in attendance at the American Farm Bureau Federation annual convention several weeks after the Virginia convention adopted several resolutions which have a bearing on the proposals before this committee. The resolutions of the American Farm Bureau point up the essential nature of promotional work for agricultural commodities and urge increased support for sound, well-coordinated programs to promote the increased sale and total consumption of farm products without duplication of promotional effort.

This resolution states further the position of Farm Bureau that any funds raised for the purpose of promoting the sale of farm commodities should be collected on a voluntary basis, administered by an organization of producers, with handlers and processors included where it is mutually agreed that they should be included, and that such funds should be used solely for the specific purpose for which collected and not for legislative or political activities.

A second resolution which has a bearing on the proposals before this committee, states that—

price-support levels should take account of competitive conditions, supply and demand, and market trends.

As we look at the situation facing peanut producers today, we see several trends which should be considered in the development of future policies. A recent publication of the United States Department of Agriculture which came to our attention showed that the 1957 acreage of peanuts in the United States had decreased to 94 percent of the 1935–39 average, while the world production in 1957 stood at 164 percent of the 1935–39 average.

Due to our increase in yields per acre in the past 20 years, production of peanuts, however, showed a somewhat different picture, with United States production increasing to 127 percent of the 1935–39 average, while at the same time the world production was increasing to 152 percent.

While it is not our contention that the relative loss of production in the United States, when compared to the world production of peanuts, should be an overriding factor in our decisions, yet these facts should be borne in mind when we consider policies affecting peanuts. All of agriculture and peanut producers in particular should well consider whether it is in their best interests to allow this gap to become wider or should we take steps to restore to the American peanut producer the opportunity to regain his historical portion of the world market.

However, it may well be in the best interests of our peanut producers and of agriculture in general to confine our efforts to supplying the domestic market without regard to world demands. We feel that peanut producers, through their representative organizations and legislators, should carefully consider these facts and take such steps as are necessary to protect their own best interests.

Referring specifically to some of the proposals in the legislation under consideration, we support the provisions which increase the carryover of peanuts for the purposes of definition of "normal supply" from 15 to 25 percent of the estimated domestic consumption, plus estimated exports. The purpose of this section is to have the peanut program more nearly conform to current practices in the industry and in this matter we are in agreement.

The above Farm Bureau resolution also calls for support of the amendment to the Agricultural Act of 1938, as amended, to exclude from total carryover computations the peanuts held by CCC and consider only those peanuts held in commercial channels for purposes of determining the supply of peanuts and calculating the supply percentage.

We feel that the technological advances in the production of peanuts have created a condition whereby the yield per acre has been increased to the point that in a normal year the present national minimum acreage allotment of peanuts will produce more than the requirements of the industry at the price level established under the law.

We, therefore, feel that the reduction in the minimum national acreage allotment is justified. We commend the peanut producers for recommending such an adjustment in the peanut program in view of the cost to the taxpayer for those peanuts produced over and above the market requirements. While the recommended reduction in the

national minimum acreage allotment, with further advances in yields per acre and good growing conditions with present production practices, may not completely relieve the overproduction situation, this reduction of 5 percent is a step in the right direction.

We further commend our peanut producers for their proposal to establish a fund for surplus diversion. In making such a recommendation, they realize the uncertainties of production will lead them to a point from time to time where the supply of peanuts will be greater than the need of the market. We feel that such a proposal is sound and recognize that while the allotment and marketing quota program is beneficial to peanut producers, it should be so developed that the cost to the taxpayer in general will be held to a minimum.

In view of our desire to develop farm programs which recognize competitive conditions, we would question the manner in which this fund is to be created. Since this fund is to be created by increasing the price-support level of peanuts, will it further reduce the opportunity of our peanut producers to compete in the world market and increase the opportunity for producers of competitive products in the edible nut and spreads for bread field to displace even more peanuts in the domestic market.

There is an earnest desire that the net income of peanut producers be increased to the highest possible level, but to do this we feel that measures which restrict their market and increase the opportunity for his competitors may be of questionable value. It is our firm belief that such competitive factors as price, quality, and availability have a direct bearing on the market possibilities for peanuts.

If, however, peanut producers feel that such an increase is needed to assure the establishment of a diversionary fund and are willing to accept the possible further loss in market, we will support the proposal in the proposed legislation.

With respect to the fund for promotional purposes, it is our feeling that this fund should be collected on a purely voluntary basis and not be used to displace or duplicate publicity and promotional funds now being used by the industry to increase the sale of peanuts. We would, therefore, oppose inclusion in the bill the collection of funds by Federal legislation for promotional purposes but support efforts by producer organizations to collect funds on a voluntary basis for this purpose. If such funds are needed, and there is always a possibility that general advertising would not increase consumption of a commodity, we feel that peanut producers will support such programs on a State, local, or organization basis.

With respect to the peanut program in general, the Virginia Farm Bureau Federation supports the present allotment and marketing quota program, but urges peanut producers to develop ways and means whereby their production facilities, land, labor, and capital may be used to the highest degree of efficiency to the end that our economic condition might be improved by producing for the market.

Mr. Chairman, genetlemen of the committee, we appreciate this opportunity of appearing before you and presenting our views on this matter.

Mr. McMillan. Mr. Abbitt, do you care to ask any questions?

Mr. Abbitt. No. I would just like to commend Mr. Davis on his fine presentation. I want to express my appreciation to you for coming up here to appear before the committee.

Mr. DAVIS. Thank you, Mr. Abbitt.

Mr. MCMILLAN. Mr. Davis, it is evident you have give this legislation a great deal of study. We have had a little controversy, as you know in our committee, as to whether this is the proper time to take this type of legislation up, and whether it should be taken up with the overall farm bill.

What do you think about that proposal?

Mr. DAVIS. Well, sir, in view of the fact that I understand there are some producer representatives—and I may be in error, since I did not attend the earlier hearing—that are not completely together on this, I would be inclined to question the advisability of pushing too far or too fast.

It seems to me it would be very highly desirable to develop a program that would certainly have the support of the producers from the several production areas.

Mr. MCMILLAN. We all feel that it is very essential that we get all the peanut growers together on any proposed legislation, at least. Only a very small percentage of the House Members are even interested in peanuts, and, of course, we do not want to do anything to hurt the peanut cause if we can help it.

Mr. DAVIS. I would certainly like to see legislation of this type move forward. And it was certainly my hope that the producers from the other areas would see fit to support, at least in general principles, the proposal.

Mr. MCMILLAN. If they cannot get together, you would suggest that they take it up in a separate bill?

Mr. DAVIS. I would question moving it too fast, and possibly treating it as a separate bill.

Mr. MCMILLAN. Mr. Poage, would you care to ask any questions?

Mr. POAGE. Yes. I just want to ask if you feel there ought to be an equalization of price supports for the identical grades in various areas?

Mr. DAVIS. Well, certainly I feel, sir, that they should be based on competitive conditions. If the market for the several types would be as strong for one type as the other, yes.

Mr. POAGE. I really should say the several types. Do you believe we should have the same support for Spanish peanuts in the Southwest as we do in the Southeast? Spanish peanuts of the same grade.

Mr. DAVIS. I would certainly think they should be more nearly competitive than they are at the moment. We feel in Virginia that ours under the present support schedule, the differential is too great, and we would like to see it narrowed, if not totally equalized.

Mr. POAGE. Now, what about the tolerance for foreign matter? Would you agree with me that it should be the same in all types of peanuts?

Mr. DAVIS. Sir, I would have to disqualify myself as an expert on this matter.

Mr. POAGE. I am not asking you as an expert.

Mr. DAVIS. But it would appear that it should be; yes.

Mr. POAGE. All right. That is all. Thank you.

Mr. MCMILLAN. Thank you very much, Mr. Davis. We are glad to have your statement for the record.

Mr. DAVIS. Thank you very kindly, Mr. Chairman.

Mr. MCMILLAN. Mr. Rawlings, did you want to make a statement?

STATEMENT OF WILLIAM RAWLINGS, CAPRON, VA.

Mr. RAWLINGS. Mr. Chairman, if I could have permission to file a supplemental statement, I feel that would suffice rather than taking the time of the committee. The supplemental statement would deal specifically with certain statements made principally by Mr. Pace and Mr. Duncan and Mr. Turner at the hearing 2 weeks ago that in our opinion are factually incorrect, and we would seek to correct the record in that respect. I have the material. I do not mind going over it verbally. I would be glad to.

But I just thought as a means of saving time, if I could have permission to file the clarifying material.

Mr. MCMILLAN. Without objection, it will be included in the record.

(The supplement statement referred to follows:)

STATEMENT OF WILLIAM D. RAWLINGS, EXECUTIVE SECRETARY OF THE ASSOCIATION OF VIRGINIA PEANUT & HOG GROWERS, INC.

Under questioning by Congressman Abbitt, Mr. Stephen Pace, made statements relating to the consumptino of peanuts and peanut products which apparently are inconsistant with the official figures of the Bureau of Labor Statistics.

"Mr. ABBITT. That is what I am getting at. When they had that drop from 90 to 82 and then took a drop under modernized parity, did that reduce the cost to the consumer in the least?

"Mr. PACE. Yes, sir, it did. And I am wondering, Congressman——

"Mr. ABBITT. Have you got a pound of peanuts recently?

"Mr. PACE. Sir?

"Mr. ABBITT. Have you bought any ball park peanuts recently?

"Mr. PACE. Oh, I thought you meant——

"Mr. ABBITT. I said to the consumer. Has there been any reduction to the consumer.

"Mr. PACE. I think there has been some in peanut butter, sir. I can't tell you about candy."

Mr. Pace left the impression that the drastic reduction in price support level which had severely hurt the producer had been passed on to the consumer in the form of cheaper peanuts and peanut products. He was particular positive about peanut butter, although not quite as positive about other peanut products. In view of the fact peanut butter accounts for approximately 50 percent of the end use of peanuts, it is significent to note that, according to figures by the Department of Commerce, Bureau of Labor Statistics, the following average annual prices per pound have been recorded as being paid by consumers for peanut butter since 1953:

	Cents		*Cents*
1953	49.0	1956	53.6
1954	49.3	1957	53.6
1955	54.4	1958 (Jan. to Apr.)	54.2

Since 1953 the national average support price for peanuts has been:

1953	$237.60	1956	$227.04
1954	244.40	1957	221.40
1955	244.80	1958	[1] 213.20

[1] Tentatively announced.

The foregoing figures indicate that in 1954 the consumer paid for a pound of peanut butter 396 percent of the support price per pound of farmers stock peanuts. In 1957, the consumer paid for a pound of peanut butter 484 percent of the support price to growers of a pound of farmers stock peanuts.

Certainly the official figures from the Bureau of Labor Statistics do not substantiate the statement nor impression made by Mr. Pace on May 27.

Mr. Duncan, president of the Georgia Farm Bureau Federation, stated there was only one producer from Georgia at the Atlanta meeting.

The minutes show there were nine representatives of Georgia growers at the meeting held in Atlanta November 18 and 19. They were as follows: H. L. Wingate, immediate past president of the Georgia Farm Bureau Federation, H. B. Wilson, chairman of the peanut committee of the Georgia Farm Bureau, Bobby J. Locke, Georgia Farm Bureau, M. E. McDowell, Georgia Farm Bureau, Charles Shirley, Georgia Farm Bureau, D. H. Hardin, manager, GFA, J. D. Gardner, counsel for GFA., R. L. Mauldin, a director in GFA, and Elmer Faulk, a director in GFA. There were more representatives from the State of Georgia than from any other peanut State.

Prior to the meeting, Mr. H. H. Knowles, of Headland, Ala., president of the Alabama Peanut Producers Association, vice president of the Alabama Farm Bureau Federation and a director in GFA, had been contacted and requested to assume the responsibility for selecting and notifying the grower representation in the Southeast. Mr. Knowles very kindly agreed to assume this responsibility and the minutes show there was excellent grower representation from the Southeast in attendance.

Mr. Turner stated that in the salted trade there had been a reduction in the consumption of peanuts.

The USDA publication, Peanut Stocks and Processing of May 23, 1958, shows that for the season through April 30, 1958, there have been 132 million pounds of peanuts used for salting compared to 125 million pounds during the same period a year earlier.

Mr. Turner stated: "They have researched themselves into an awful predicament by producing a greater percentage of Extra Large peanuts that there isn't a market for, and today the Commodity Credit Corporation is outlawing it."

It is true we have made strides in producing extra large kernels in the Virginia-Carolina area and it appears we are in a position to produce adequate Extra Large to supply or reasonably supply the demands of the trade with anywhere near normal growing conditions. However, the statement, "the Commodity Credit Corporation is outlawing it" is totally without any foundation whatsoever. The Commodity Credit Corporation, at the request of growers and others interested in the industry in our area has lowered the support price to 50 percent of parity on a particular variety of peanut which has a number of undesirable characteristics and it was not felt wise to do other than discourage the production of that particular variety. Similar action was taken several years ago with reference to florispan, a variety developed in the Southeast. However, to leave the impression that Commodity Credit Corporation is outlawing the production of Extra Large is fantastic.

Mr. Stephen Pace went into considerable detail and consumed much time in pointing out to the committee that the provision in H. R. 12566 dealing with setting the marketing quota at a figure which would produce 105 percent of a normal supply of peanuts. Mr. Pace went through considerable arithmetic and came up with the conclusion that the provision would result in the production of only 618,000 tons of peanuts and would be 59,000 tons short of actual needed requirements.

In an analysis of the present law, the Abbitt bill and Burleson bill, the Oils and Peanut Division of the Department of Agriculture interpreted the Abbitt bill to produce a quota of 714,000 tons and result in a total supply of 864,000 tons of peanuts.

I am anxious for the record to show that according to the interpretations of the Department of Agriculture this particular provision of H. R. 12566 would have a quite different effect than Mr. Pace pictured to the committee. Attached hereto is a comparison of present and proposed legislation as worked out by the Oils and Peanut Division on June 2, 1958, and I ask that this be included as a part of the record.

Mr. POAGE. I would like to ask Mr. Rawlings what his views are about this matter of a differential in tolerance of foreign matter in various types of peanuts.

Mr. RAWLINGS. Our people feel very strongly that it should be the same.

Mr. POAGE. So do we.

The other one is, of course, do you feel that the same type and grade of peanut should have the same support in various sections of the country?

Mr. RAWLINGS. Yes, sir, on assignment to a kernel basis. Of course, in the Virginia type and Valencia, we understand there would be a reasonable premium for the extra large and extra premium for the Valencia type.

Mr. POAGE. We agree with that completely.

Mr. RAWLINGS. We are in complete agreement with the position of the Southwest, as we understand, on that matter.

Mr. POAGE. Thank you.

Mr. ABBITT. I would like to just ask this question, Mr. Rawlings. You have probably been in this game much longer than I have. Did that differential originate in the Department? It was not by legislation.

Mr. RAWLINGS. I understand the legislation, it is permissive legislation which permits the Department to establish differentials, but it is not mandatory that we have to do it.

Mr. ABBITT. How long have our boys been working on this, trying some way, somehow, to get some relief?

Mr. RAWLINGS. Since approximately 1950.

Mr. ABBITT. And so far we have gotten nowhere on administrative relief.

Mr. RAWLINGS. That is right, sir.

Mr. ABBITT. That is all.

Mr. POAGE. Am I not correct in saying that the only explanation that has ever been offered for that differential was the one offered by Mr. Pace the other day, in which he said that a great many years ago that there was a substantial difference in the methods of harvesting, but that those differences no longer exist, and there was no physical difference between peanuts, but that the Department continued the differential in price support?

Mr. RAWLINGS. Yes. That was is substance the explanation Mr. Pace made. As I gather the testimony by Mr. Pace and Mr. Turner on it, they had no objection to what they are talking about.

Mr. POAGE. Mr. Turner said in so many words twice that he had no objection and felt it was perfectly proper that we do it.

Mr. RAWLINGS. I think the record is very clear on that, sir.

Mr. POAGE. Thank you.

Mr. MCMILLAN. Thank you, Mr. Rawlings.

Mr. Marcus Braswell, do you care to make another statement?

Mr. BRASWELL. No, sir; I am here today in the absence of Mr. Sugg who is ill in the hospital. We would concur in the statement which Mr. Rawlings is going to file to correct some of the misinterpretations which occurred.

Mr. POAGE. Would you agree also with Mr. Rawlings in the matter of establishing one differential for foreign matter in all types of peanuts?

Mr. BRASWELL. Basically, yes, sir. I would make the same reservation he made: that on the Valencias and the extra large Virginias, that we would have a premium.

Mr. POAGE. Thank you; we agree with you. Well, that goes to the price support. I was talking primarily on the matter of how much foreign matter you could put in peanuts and call them No. 1's?

Mr. BRASWELL. I am with Mr. Rawlings on that.

Mr. MCMILLAN. Thank you, Mr. Braswell.

Mr. Barton Scott, would you care to make a statement at this time? Mr. Scott, will you give the reporter your name and capacity.

STATEMENT OF BARTON SCOTT, PRESIDENT, CADDO COUNTY PEANUT GROWERS ASSOCIATION

Mr. SCOTT. I represent myself and an organization.

Mr. Chairman and Members of the Congress, I am Barton Scott, farmer. The only occupation I have is a farmer and peanut grower of Caddo County, Okla. I am also the president of the Caddo County Peanut Growers Association. In that area we have some 1,638 members at the present time. These members produce about 25,000 tons of peanuts. I am also a member of the board of directors of the Southwestern Peanut Growers Association, serving the entire southwest area.

We would like to go on record as supporting H. R. 12545, known as the Burleson bill to us in that southwest area. There are certain phases of that particular bill that we are particularly interested in.

First is the self-help phase of this peanut bill, which would place peanuts, in our opinion, on firm ground against opponents of the present price-support program.

Second is the promotion angle of this bill which would help promote and expand the markets for all peanuts, including our Southwest Spanish.

And third and most important, correct parity aspects of the present peanut program on this price differential, and other tolerances.

And four, the provision for acreage increase for underharvesting of peanuts due to weather conditions in our Southwest area.

Due to this particular thing on this No. 4, the weather conditions, underharvested acreage, for the past 5-year average, our area has harvested only 79 percent of their allocated acreage or allotment. This was in comparison with the other two areas—the southeast area at 94.3, and Virginia-Carolina at 101.9.

We feel that we are entitled to plant sufficient acreage there until we can harvest an allotment which will place our peanut growers in a better economic and financial situation up there.

I might say, getting back to this price differential thing, that 2 years ago I was asked by our growers in that area and came up here at our expense to work on this thing. We made some contacts on it, and at that time we were assured that progress was being made to eliminate this situation.

This is the third time I have been in Washington on this as an individual and representative of growers, and we certainly believe that this bill, H. R. 2541, the Burleson bill, would certainly help alleviate this situation.

I thank you very much.

Mr. MCMILLAN. Do you have any questions?

Mr. ALBERT. I do not believe I have any questions, Mr. Chairman.

Mr. MCMILLAN. I think the committee is at this time a little disturbed as to whether to bring this bill up now in connection with the overall farm bill, or deal with it as a private bill. And I wonder if you would like to express your opinion on that question?

Mr. Scott. Well, I am not an expert on legislation at all. I certainly would go along with the thinking of this committee as to when would be the proper time to bring this bill out. But we are looking forward to legislation soon to alleviate part of these unfair conditions, as we see them, in that area.

Mr. McMillan. Mr. Grant, do you care to ask any questions?

Mr. Grant. No.

Mr. McMillan. Thank you.

Mr. Sydney Reagan, do you care to make an additional statement today?

STATEMENT OF SYDNEY REAGAN, GENERAL COUNSEL, SOUTHWEST PEANUT SHELLERS ASSOCIATION

Mr. Reagan. Yes, sir; I would appreciate an opportunity to make an additional statement, sir.

I am Sydney Reagan, general counsel of the Southwest Peanut Shellers Association.

I would like to take this opportunity to comment on statements——

Mr. McMillan. Excuse me. Mr. Burleson, would you care to reintroduce this gentleman?

Mr. Burleson. No, sir, Mr. Chairman. Thank you very much. He is well known here.

Mr. Regan. I wish to take this opportunity to comment on statements that were made before this committee at the hearing on May 27. These specific statements that I refer to were made by Mr. Luther Turner representing the southeast area where runner peanuts are produced.

Mr. Turner, at least on three different times in his statement, stated that the differences in the support price between runner peanuts produced in the Southeast and Spanish peanuts produced in the Southwest was only 50 cents a ton on the same grade of farmer stock peanuts.

In other words, Mr. Turner was arguing that runner peanuts produced in the Southeast had little advantage in being marketed, since they were supported at only 50 cents a ton less than Spanish peanuts produced in the Southwest.

I would like to set the record straight as to the actual advantage that Southeast runner peanuts enjoy over Southwest Spanish peanuts as a result of price support differentials.

The price support on a ton of Southeast runner peanuts is between $5 and $6 below the price support on a ton of Southwest Spanish peanuts of the identical grade—not 50 cents a ton, as testified by Mr. Turner.

The support program for last year, which is the last year for which we have the details of the support program, provided for a support of $3.06 per each 1 percent sound, mature kernels, in a ton of farmers stock runner peanuts, compared with a support of $3.14 per each 1 percent sound mature kernels in a ton of farmers stock Southwest Spanish peanuts.

Now, if we assume that a typical ton of peanuts contains 65 percent sound mature kernels, we have a difference in support price between the 2 types of peanuts of $5.20. This figure is obtained by multiplying the difference of 8 cents per each 1 percent sound mature kernels by the 65 percent of sound mature kernels in the ton of peanuts.

Now, I feel sure that Mr. Turner was misinformed about these differentials, but we do feel that it is essential that the record be set straight on this matter.

The Southwest area was delighted when Mr. Turner, representing the Southeast area, reportedly stated at the hearing on May 27 that he was willing, and apparently anxious, to wipe out the present advantages enjoyed by Southeast runners over Southwest Spanish, by having uniform support prices for the same grade of farmers stock peanuts.

I trust that the Department of Agrictulture will bring about this uniformity, since the Southeast area is supporting such uniformity, and since the Department of Agriculture has, at the present time, administrative authority to bring about uniformity.

Mr. POAGE. Mr. Regan, for what reason do you believe the Department is going to do that?

Mr. REAGAN. Well, I will confess that is putting a lot of trust. But it seems to me that here you have 2 areas that heretofore have been in disagreement, and here you have a representative, a spokesman, of 1 of the areas appearing before this committee and saying, in effect, that they agree with what we have been trying to get done administratively.

Mr. POAGE. I hope you are right. But I think it is going to take legislation to get it done.

Mr. GRANT. Pardon me. Let me ask you a question. Who is Mr. Turner?

Mr. REAGAN. Mr. Turner—let us see—he is connected with the Gold-Kist Peanut Co. He is on the—I am just trying to recall the designations he gave at the hearing. He is on the board of directors of the Southeastern Peanut Association. And he also, I believe, has a separate peanut company of his own.

Mr. GRANT. Do you know who authorized him to speak for the Southeast? You say the Department should go ahead and put it in because the representative from the Southeast has stated that should be done.

Mr. REAGAN. Well, Mr. Pace was speaking for the Southeast, speaking for both growers and shellers. And Mr. Turner was accompanying Mr. Pace. And Mr. Pace, at the hearing, as I recall, turned to Mr. Turner on a line of questioning, and turned it over to him. So I presume he was not speaking as an indivadual before this committee, but as a representative.

Mr. GRANT. Do you know who Mr. Pace represents?

Mr. REAGAN. Well, he said at this hearing that he represented the growers and the shellers in the Southeast.

Mr. GRANT. I just wanted the record to show that.

Mr. ABBITT. Then I believe Mr. Turner gave the inference that Mr. Pace was speaking for them, that they were more or less——

Mr. POAGE. That Pace was working for him.

Mr. ABBITT. That Pace was working for him, and that he could more or less indicate what Mr. Pace was saying along that line. Is that not the inference?

Mr. REAGAN. That is correct. That is my recollection of the hearing.

Mr. ABBITT. Here were the Southeast growers, the Southeast shellers, and here were the people from the Southwest, both the

shellers and growers, and here were the people from the Virginia-Carolina area, all seeking the same objective, to get relief from this differential and the difference in the damages and so forth.

Was that not your idea? And that the only person now that stood between us and justice was the Department of Agriculture?

Mr. REAGAN. That was the impression left, sir.

Mr. ALBERT. Have you ever understood the reasoning of the Department of Agriculture in this matter?

Mr. REAGAN. I think many, many years ago it was based on some quality differences between the peanuts. I think that quality difference no longer exists.

Mr. POAGE. Do you have any explanation or any reasonable explanation at all for allowing No. 1 runners to contain twice as much foreign matter as No. 1 Spanish?

Mr. REAGAN. I do not, sir.

Mr. POAGE. Has anybody ever offered you an explanation, even a bad one?

Mr. REAGAN. Well, the best explanation I have had is it takes time to bring about these adjustments.

Mr. POAGE. And Mr. Rawlings just testified we started 8 years ago with the Department, and you still think the Department is going to correct it. I do not. I think Congress is going to have to act. And if we do not act, I am in favor of letting the act go. I am not in favor of continuing a program that has in it such manifest injustice.

Mr. ALBERT. That is what the Department wants.

Mr. POAGE. Maybe so.

Mr. MCMILLAN. We will hear from the Department a little later, so we can ask them that question.

Mr. REAGAN. Right along that point—and I want to close on this—at this same hearing, the Southwest was delighted for Mr. Turner to, in his testimony, support uniform United States grade standards on shelled peanuts. Let me phrase it this way: We hope that the Department will act on this.

Thank you.

Mr. MILLAN. Thank you, Mr. Reagan.

Mr. GRANT. Let me ask just one thing. Are you testifying in favor of all the sections of this bill, or just that one particular item you were talking about?

Mr. REAGAN. I am testifying in favor of all of the sections of the Burleson bill.

Mr. MCMILLAN. He testified when we had the previous hearing and wanted to make some corrections.

Mr. GRANT. Are you testifying in favor of this 15-man Board?

Mr. REAGAN. Yes, sir. I believe both the Abbitt bill and the Burleson bill provide for this Advisory Board. And our group favors that.

Mr. GRANT. How much is it going to cost the peanut growers, the man that is producing peanuts, to pay for this advice?

Mr. REAGAN. Well, as I recall, the members of that Board will be receiving their actual expenses when they come to Washington, and I believe it is $10 a day. And I doubt if they would meet very frequently, although I would hope that they would see fit to meet several times a year.

Mr. GRANT. How much will the man that grows the peanuts be taxed? How much would he have to pay under this bill, in addition to what he now pays?

Mr. REAGAN. The costs of the losses on the price-support program would be borne by the growers, by a deduction that would be made from the price they received in the market.

In other words, the growers would be bearing the cost of the price-support program. It would be removed from the taxpayer.

Mr. GRANT. It changes the whole system that we have today.

Mr. REAGAN. That is right, sir, in this respect, that it shifts the costs of the support program. The feeling in our area—and this is held by both growers and shellers—is that the price support program is vulnerable because of the losses that have been sustained, and that right at the moment the price-support program is not under attack. So that now is a good time to bring about certain changes in the program which we feel will make it attackproof, because twice in the last several years we have seen quick attacks made on the peanut program and seen them almost succeed. And we do not want to see that succeed.

Mr. GRANT. Do you suggest the same program for milk and cotton and wheat and everything else that is grown?

Mr. REAGAN. Well, sir, I frankly have not studied those other commodities. In studying the peanut program, though, it seemed peculiarly suitable for this type of program, because we do have a ready dievrsion market, in that we can divert the peanuts into crushing at one-half their value for edible use.

Mr. GRANT. Thank you, sir.

Mr. MCMILLAN. Thank you, sir.

Mr. ABBITT. Mr. Chairman, certain officials of the Virginia-Carolina Peanut Association were not able to get here today. And I ask unanimous consent that such officials from that association that desire may have leave to file at a later date a statement as to their feelings about this matter. And I would like the record to show that the Virginia-Carolina Peanut Association as of now is opposed to the bill in its present form.

Mr. MCMILLAN. Thank you.

STATEMENT OF LOUIS A. GRAVELLE, ON BEHALF OF THE PEANUT & NUT SALTERS ASSOCIATION

Mr. MCMILLAN. Mr. T. Earl Bourne, of the Peanut & Nut Salters Association.

Mr. BOURNE. I think Mr. Gravelle will make the statement for our association, Mr. Chairman.

Mr. GRAVELLE. Mr. Chairman, I have a very, very short statement to make.

Mr. MCMILLAN. Give the reporter your name and title, please.

Mr. GRAVELLE. My name is Louis A. Gravelle, attorney for the Peanut & Nut Salters Association.

The Peanut & Nut Salters Association is a nonprofit trade association composed of 24 active and 45 associate members. The active members purchase raw nuts, including peanuts, for processing—that

is, cooking and salting—for ultimate sale to the consuming public. The members of this association purchase in large quantities, and it has been estimated that the association annually purchases at least 75 percent of the total production of the extra large and medium type Virginia shelled peanuts.

The ePanut & Nut Salters Association is opposed to any legislation that will reduce peanut acreage, and thus reduce the supply of available peanuts.

Our only worry is the question of any possible reduction in peanuts. The growers grow them; the shellers shell them. We process them and sell them to the consuming public.

During the last few years, we have had several problems. One was some relief from the Tariff Commission, imports on peanuts. I think peanuts today are in rather short supply. And our purpose in coming here is to tell you that we would hate to see any legislation that would cut down the supply for the consuming public.

Other than that, we do not desire to go into the technicalities of the two bills.

Mr. McMillan. Any questions?

Mr. Abbitt. Mr. Gravelle, as I understand it, section 2 of the bill—and that is on page 2—does amend the minimum acreage allotment clause of the present law.

Do I understand you to say that if that section were eliminated, that your association, as of now, would have no objection to the bill?

Mr. Gravelle. I would rather put it this way. I think you have some rather technical legislation that is being proposed. I was in hopes that the Department of Agriculture would have gone on first this afternoon, so we could have had detailed information as to what, in their opinion, this bill would do or would not do. And in the absence of any information in that connection, we would much prefer to just tell the Congress that we don't want you to cut down acreages, because we sell more peanuts if they are available.

Mr. Abbitt. I can well understand your not wanting to go into the technicalities. I wouldn't want to myself, unless the Department made a statement.

Mr. Gravelle. Yes. We were in hopes that the Department representatives would testify first.

Mr. Abbitt. But what you are mainly concerned with now is that section that deals with more or less modifying and doing away with the minimum-acreage allotment, as guaranteed—1,160,100.

Mr. Gravelle. That is right.

Mr. Abbitt. I might, for your information, say that a number of people have expressed to me the same feeling, and I think it is generally understood, among the people interested in this particular legislation—certainly those I have talked to—that if the bill were reported out, that provision would not be in it.

So far as I am concerned, I can speak for nobody else but myself, and don't pretend to. So far as I am concerned, that section is not necessary to the legislation. And I think the main reason it was put in there was, I understood, the Department had been harping on the fact that they could not get a good program so long as we had a guaranteed minimum, that they couldn't handle it or do anything about it.

But as far as I am concerned, I think that that provision should come out. And I feel as far as I can speak, that it will come out before——

Mr. GRAVELLE. And that provision to reduce the acreage.

Mr. ABBITT. It doesn't reduce the acreage. It is merely discretionary, and lets the Department say what the acreage need is to meet the needs and demands of the trade, and they can't lower it more than 5 percent in any one year.

But it does give the Department a discretion. It does not reduce it itself, but gives the Department the discretion to lower the minimum acreage as much as 5 percent.

That is the section I am talking about. It is section No. 2 of the bill, on page 2. And as far as I am concerned, it will certainly come out of the bill before it goes out of here.

Mr. ALBERT. I might say that section was put in when the peanut law was first passed, with an understanding, if I remember the legislative history correctly, that it would remain there. And it was agreed on as a permanent base for peanuts—1,610,000 acres. I think we should go slow about knocking out that provision.

Mr. POAGE. The Burleson bill provides they cannot go any lower, doesn't it?

Mr. ALBERT. No, it is the same.

Your position here is, you are opposing that section and you are reserving all comment on the rest of the bill?

Mr. GRAVELLE. We are opposing any reduction in acreage. You furnish the peanuts, and we will sell them for you.

Mr. MCMILLAN. Thank you very much, Mr. Gravelle.

Mr. James E. Mack, National Confectioners Association.

STATEMENT OF JAMES E. MACK, ON BEHALF OF THE NATIONAL CONFECTIONERS ASSOCIATION, THE PEANUT BUTTER MANUFACTURERS ASSOCIATION, AND THE PEANUT BUTTER SANDWICH AND COOKIE MANUFACTURERS ASSOCIATION

Mr. MACK. Mr. Chairman, I am James E. Mack. I am an attorney here in Washington, and I appear for the National Confectioners Association, the Peanut Butter Manufacturers Association and the Peanut Butter Sandwich & Cookie Manufacturers Association.

The members of the National Confectioners Association are candy manufacturers, and the usage of peanuts in the manufacture of candy is approximately 22 percent of total usage. Peanut butter manufacturers and peanut butter sandwich and cookie manufacturers use slightly in excess of 50 percent.

We have been pleased that our industries have been using increased amounts of peanuts consistently now for a number of months. We want to see that continue. It is not back to anywhere near where it was at one time. But we feel that the increase may be attributed to the lessening of the sphere of Government influence over the entire peanut producing and marketing operation. These bills would increase, rather than further lessen, the sphere of Government influence over the industry. Therefore we cannot support these bills.

Mr. ALBERT. What do you mean by "a lessening of Government influence"? I have not seen any lessening of it. It seems to me it is just like it has always been.

Mr. MACK. Well, since we have had the present price support program in operation, which I believe you don't favor, Congressman—the flexible price support system, and the transition to modernized parity, we have been continually using more peanuts.

Mr. ALBERT. It is not a question of less control. It is just a question of lower prices.

Mr. MACK. Well, there is more freedom in the market place. We want to see that continue. The usage of peanuts in peanut butter is going up very substantially now.

Mr. POAGE. How low do you think the price of peanuts should go?

Mr. MACK. It should not be controlled by the Government, sir.

Mr. POAGE. That is not what I asked you. I asked how low do you think it should go.

Mr. MACK. I don't know how to answer your question, because many factors——

Mr. POAGE. Should it go down to $150 a ton?

Mr. MACK. It would depend entirely on marketing conditions.

Mr. POAGE. I am talking under present conditions.

Mr. MACK. I certainly am not here to advocate——

Mr. POAGE. You have just told us it was a great and happy thing that the price of peanuts dropped, haven't you?

Mr. MACK. Well, we feel there is more freedom in the market place.

Mr. POAGE. I asked you about the price of peanuts, and you told us you were very happy over the lowered price of peanuts, didn't you? You used that language.

Mr. MACK. We didn't say that, sir. We said we think when there is less control, we can increase our usage.

Mr. POAGE. Control doesn't mean a thing in the world unless you accept it as reflecting price.

Mr. MACK. Yes, sir.

Mr. POAGE. Now.

Mr. MACK. We can do better with more freedom.

Mr. POAGE. How?

Mr. MACK. I think we have demonstrated it.

Mr. POAGE. You have not demonstrated anything. You have had a change in price. I am asking you wherein control of peanut growing affects you in the least, except as reflected in price?

Mr. MACK. Well, there is supply, too, Congressman. And when you go out and promote a national brand, you go into substantial advertising and promotion. When you are not sure of your supply, you hesitate in promoting the item.

Mr. POAGE. There hasn't been any change in the supply, has there, because the allotment has remained exactly the same, hasn't it?

Mr. MACK. We are not sure each year what the supply is going to be, Congressman.

Mr. POAGE. Of course you are not sure. And you never would be sure. But there has been nothing to change the supply, has there?

Mr. MACK. But when the control over production is so tight, we have seen years in which the supply was very short. And so we always have that question of promotion of the brand item, not knowing the availability of the raw material.

Mr. POAGE. Now, the gentleman who just preceded you said the supply was rather tight right now, didn't he?

Mr. MACK. It is tighter than we would like.

Mr. POAGE. All right. And yet you are doing pretty well right now, aren't you? You are using more than usual.

Mr. MACK. We are having more freedom in the market.

Mr. POAGE. As a amatter of fact, you are getting peanuts for less money than you were getting them before.

Mr. MACK. Well, I think the price fluctuated quite a bit in recent months.

Mr. POAGE. Dropped.

Mr. MATTHEWS. If the price has dropped to the peanut farmer, has the price of your product to the consumer dropped any, Mr. Mack?

Mr. MACK. There are many items that go into the cost of the production of a finished product. Concerning most of them we are not controlled to the extent we are in the raw material of peanuts. And I do not have actual cost sheets. But I can say this. For instance, in peanut butter, when you place it on the shelf in a supermarket, in a glass jar, and the housewife goes down with her basket, she has the youngsters with her. They all like peanut butter, and she wants to buy it. And she does buy it.

Now, the question is how much does she buy. Does she buy just enough to pacify those children, because it is a natural favorite with the youngsters. Or does she buy all that she wants.

When peanut butter must compete with other commodities, agricultural commodiites, which become manufactured products, like preserves, that do sell for less, we feel that there is considerable lost in sales because of that situation.

You have free market items in some commodities, and controlled market in peanuts.

Mr. MATTHEWS. I don't believe I made myself clear.

Mr. POAGE. You made yourself clear, but he didn't want to answer.

Mr. MATTHEWS. It looks like the less the farmer gets, it just looks like that price never reflects itself in a cheaper price to the consumer.

I remember 1 day on the floor we had a delightful colleague who said, "Oh, if we didn't have a price support on peanuts, my children could buy peanut candy bars cheaper." I checked and the best of my information is that the peanuts that went into the candy bar was one-half of a cent. In other words, I didn't think the price support on peanuts had a thing in the world to do——

Mr. MACK. I shall be pleased to talk about both candy and peanut butter.

Mr. MATTHEWS. My question was, I think the evidence here is that peanut farmers have been getting less. Now, is your price to the consumer any less as a result of the lowered price the peanut farmers are getting.

Mr. MACK. Now, you mentioned candy. The popular price of the candy bar is a nickel. But the question is what do you give the customer for a nickel?

The larger the size of the bar, and the more peanuts that are contained in it, the more you can sell. A youngster goes in there with a nickel. There are a lot of things he wants to look over. And which bars will he buy. He might buy a bag of jellybeans. He is going to get the most he can for his nickel.

Mr. Poage. Have you made the peanut bars any larger because of the drop in the price of peanuts?

Mr. Mack. There are more peanuts in the bar.

Mr. Matthews. It looks to me like the peanuts we get in these little packages get less and less every time.

Mr. Mack. Congressman, we have heard that for a long time. And if they were continuing to become less and less there wouldn't be any by now.

Mr. Albert. What would you say about the elimination of the national minimum acreage?

Mr. Mack. We do not favor reducing the available supply of peanuts. We want to sell more peanuts. We think that the farmers' interest lies not so much in the price per ton, but in the net, the eventual net, that he makes himself. And we think that in the long run he will earn more money and have more money in his pocket if there is more freedom in the program, so he can sell more. And we think that the turn is coming. We are pleased with the way things are beginning to move.

Mr. Albert. Of course the history of that is they were selling them for about 50 cents a bushel when they had all the freedom they wanted.

Mr. Mack. Well, that was in 1933, and your banks all failed and everything else went broke then. And most of your industries that were broke then are doing pretty well today.

Mr. Albert. We didn't have all these built-in backstops at that time on either agriculture or many other things.

Mr. Mack. Well, you do not have the controls on the other industries that you have on peanuts today. And most of them are doing very well today.

Mr. Poage. That still brings me right back to the question I asked you and you have not answered it yet. At what price should peanuts sell today?

Mr. Mack. Congressman, I am not a grower, not a sheller, I am not a manufacturer, and I am not a price expert. And it is not entirely a question of price. It is a question of availability of supply. I am not trying to be evasive, but I cannot tell you, and in fact it would not be my function as a trade association spokesman, to tell you what I think a price should be.

Mr. Poage. I understand full well it is not your function to. They didn't pay you to come down here and tell us that, because they don't want us told. But you volunteered as a witness, and I think it is up to you to answer the questions.

Do you think $200 a ton is too much for peanuts?

Mr. Mack. You can ask me $300 for that matter. And I am just not a price expert. We think that the announcement of the Department this year of the level of support is reasonable under the conditions.

Mr. Poage. You think the present price is about what it ought to be?

Mr. Mack. We think the Secretary has done an excellent job.

Mr. Poage. Then, do you think he should not reduce the support next year?

Mr. Mack. Well, you have a law on it, Congressman, which we think is a much better law than we had before. I know you don't agree with that, sir.

Mr. POAGE. The law, though, doesn't say he has to reduce them to 75 percent of parity.

Mr. MACK. It allows certain discretion, depending on the supply percentage, and we have faith that he will continue to do a good job.

Mr. POAGE. Well, you are being just as evasive as most any witness ever could be. You tell us in one breadth you don't want to be evasive, and then you do an excellent job evading.

Mr. MACK. Thank you, sir, for the compliment. Congressman, with all due respect, I am not a price man. I do think——

Mr. POAGE. You think it is a good thing that they have gone down.

Mr. MACK. Well, at times they go up, when they are in short supply——

Mr. POAGE. You think it has been fine that peanuts have gone down now, don't you?

Mr. MACK. Well, they really have not gone down much.

Mr. POAGE. They haven't? You just told us how much virtue there was to this drop in support.

Mr. MACK. I said to more freedom in the market. That was your interpretation of it.

Mr. POAGE. Do you suggest it is an unfair interpretation?

Mr. MACK. We say that as long as there is more freedom in production and marketing——

Mr. POAGE. I understood you the first time you said that which was about 18 times ago.

Now, do you think I was unfair when I interpreted your statement?

Mr. MACK. Wait a minute. I am not sure I understand. What is your interpretation?

Mr. POAGE. I said that you were in effect saying it was a good thing that the price of peanuts had gone down. Is that a fair statement?

Mr. MACK. We have felt they were too high in price.

Mr. POAGE. All right. Isn't that saying it is a good thing they went down in price?

Mr. MACK. We feel we can do a better job and have been doing a better job since the flexible price support system and the transition to modernized parity has been taking place.

Mr. POAGE. Now that you have made your speech for your association, will you answer my question?

Mr. MACK. I can't answer it any better than I have, Congressman.

Mr. MCMILLAN. Mr. Poage, I think we can get on with the Department here. I don't believe Mr. Mack can answer your question.

Mr. ABBITT. May I ask a question about the peanut butter situation?

First, I gather one of your objections to the bill is you are of the impression that this bill would reduce national acreage allotment.

Mr. MACK. That is one. But there are many other features in the bill.

Mr. ABBITT. Are you of the impression that this bill reduces the national acreage allotment?

Mr. MACK. It could reduce the minimum, I believe.

Mr. ABBITT. As a matter of fact, all it does is give you a little more freedom in the operation of the program, doesn't it? It permits the Secretary to do some reducing if he feels in his opinion under the circumstances——

Mr. MACK. We want to look to a situation where we can buy more peanuts. And we have been doing it. We have been buying more peanuts.

Mr. ALBERT. Flexible on price but not flexible on the minimum acreage.

Mr. ABBITT. I am not fussing about that. I just want the people to understand that this bill itself does not reduce the acreage allotment. It merely permits the Secretary a little more freedom so he can reduce them or raise them. And I understood from you that you would prefer he would raise the acreage now.

Mr. MACK. We think the Secretary is doing an excellent job in administering the law that he has, sir.

Mr. ABBITT. Now, you talk about the peanut butter. I called the Labor Department and got the statistics since 1953. Peanut butter to the consumer in 1953 was 49 cents a pound; 1954, 49.3; 1955, 54.4; in 1956, 53.6; 1957, 53.6 a pound, and 1958, 54.2 a pound. So apparently the peanut butter has gone up practically every year since 1953.

Mr. MACK. I think most items in the economy have, Congressman.

Mr. MATTHEWS. Except the prices the farmer gets. Excuse me.

Mr. MACK. That is all right. I think it is good to throw that back, because there were many of us who felt that over a long period the price of peanuts was so high that it was responsible for the damage to the peanut industry. We believe that the big gain that peanuts acquired during World War II could have been held.

For instance, the oleomargarine industry gained a great deal during World War II, because people were forced to use oleomargarine, but they have not lost this market—they have kept it.

Now, we would like to see peanuts stay up there. And we are going back up. And we want to see it continue.

Mr. ABBITT. Just one other thing. You talk about this bill reducing the allotment. Did you know that people from the Southeast say that this bill would increase the acreage in the Virginia-Carolina area?

Mr. MACK. Well, it is not only the allotments, Congressman. There are a lot of provisions in here which would increase the sphere of Government influence over the whole peanut program—the advertising and promotion program. We do not look upon those as desirable governmental functions.

Mr. ABBITT. Thank you. That is all.

Mr. MCMILLAN. Thank you, Mr. Mack. Glad to have you with us.

Mr. MACK. Thank you.

Mr. MCMILLAN. We have Mr. Miller and Mr. Thigpen from the Department of Agriculture with us, and we would like to hear from them at this time.

We have a letter from the Department here, if any of the members care to read it.

Mr. MILLER. We have copies of the letter being circulated, Mr. Chairman, along with the statement that I shall read.

Mr. MCMILLAN. Mr. Miller, you may proceed at any time you care to.

STATEMENT OF CLARENCE MILLER, ADMINISTRATOR, COMMODITY STABILIZATION SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY JAMES E. THIGPEN, UNITED STATES DEPARTMENT OF AGRICULTURE

Mr. MILLER. Mr. Chairman, I would like to apologize for not being able to come at the appointed time.

Mr. MCMILLAN. We understand one of the other committees had you tied up. That is perfectly all right.

Mr. MILLER. We appreciate the opportunity to express our position with respect to H. R. 12566 and H. R. 12545.

The Department is appreciative of the effort the growers have made to develop improved legislation for peanuts. However, the Department is opposed to both of these bills.

During the 1956–57 marketing year the consumption of peanuts increased about 8 percent. So far during the 1957–58 marketing year another increase of 8 percent has been recorded.

We believe this increase in consumption of peanuts is associated with somewhat more moderate prices, an adequate supply and vigorous advertising and sales efforts by manufacturers of peanut products.

I would like to add also, Mr. Chairman, that we recognize the good job that the growers and the producer organizations have done toward securing an increase in the consumption of peanuts.

We believe it is in the long-term interest to peanut growers to move in this direction. It is here that the administration proposal for discretion to determine the level of price support and to increase allotments seems to best come into focus.

The bills under consideration tend to move in the opposite direction in that they would maintain high level support on an inflexible basis. They would increase and tighten rather than reduce and relax the restrictions and Government regulations affecting the production and marketing of peanuts. Adoption of either of the bills would establish provisions which would tend to stifle further growth in the industry. The rigid provisions of both bills are contrary to the Department's recommendations with respect to price-support programs.

Either bill would produce major changes in the marketing quota acreage allotment and price-support legislation. Both bills provide for increasing the carryover percentage in the normal supply calculation and for eliminating Commodity Credit Corporation carryover in the supply percentage determination. The combination of these two provisions, both of which we strongly oppose, would tend to freeze the price support at 90 or 95 percent of parity.

The concept of self-supporting price-support operations contained in both bills may have some merit, but the Department is opposed to such provisions if they must be accompanied by high price supports and rigid controls which would restrict the growth of the peanut industry.

The provision in both bills for the use of funds for publicity and promotion of peanuts and peanut products is objectionable to the Department. These provisions would in effect place the Federal Government in the field of promotion of peanuts and peanut products,

and we do not feel that Federal Goverment functions should be expanded into this type of activity. We believe private trade can promote, advertise and sell peanuts far more effectively than the Federal Government.

H. R. 12566 would reduce the minimum acreage allotment by 5 percent. H. R. 12545 makes no provision for reduction in the minimum acreage allotment but instead provides for an increase in the acreage allotment to offset underharvesting. Under present conditions this would mean an increase in the acreage allotment from the current minimum of 1,610,000 acres to about 1,770,000 acres.

Neither of the bills modifies the allotment and quota provisions to the extent deemed advisable by the Department in order to permit more freedom to growers and needed expansion of the industry.

H. R. 12545 would change the present law relating to short supply determination. The proposed method would be a simplification of the present system but would be unworkable since it would apply on an area basis instead of by types.

H. R. 12545 contains two provisions which are not closely related to the remainder of the bill. One of these refers to the determination of price support by types. The rigidity which would result from the suggestion would be highly undesirable. Also the relationships of price which would be established by the proposal are subject to serious question.

The second proposal provides that the Secretary shall not enter into any contracts with associations performing shelling operations where contracts are not available on the same basis to other shellers. The Department feels that this provision also places unnecessary restrictions on price-support operations.

In summary, the Department strongly opposes both of these bills. We feel that rigidity of either bill would, if adopted, constitute a backward step for the peanut industry.

Mr. McMillan. Do any of the members care to ask Mr. Miller any questions?

Mr. Poage. I would like to ask Mr. Miller what he thinks about continuing the practice of allowing a greater degree of foreign matter in grade A runners than is allowed in grade A Spanish?

Mr. Miller. Congressman Poage, I would rather for Mr. Thigpen to answer these questions when we get into the technical aspects of discounts, premiums, and discounts for foreign matter in peanuts.

Mr. McMillan. Mr. Thigpen, do you care to answer that question?

Mr. Thigpen. Mr. Chairman, Congressman Poage, the particular question relates to the shelled grade standards for peanuts, which are operated on a strictly voluntary basis, as a matter of service to people who sell shelled peanuts and people who buy shelled peanuts.

I personally think that it makes little difference whether the shelled standards are operated as they are, whether they are changed as the Congressman suggests by his question—it makes little difference. I think it would be possible to develop shelled grade standards which would serve the industry better.

Mr. Poage. It may not make much difference, but you have known it has been a sore spot for a long time, have you not?

Mr. Thigpen. I understand the question and the view of the people in the Southwest on it, yes, Congressman. It is not my responsibility administratively.

Mr. POAGE. No, but it is the Department's.

Mr. THIGPEN. It is the Department's, yes.

Mr. POAGE. And I am perfectly willing for Mr. Miller to pass the question to anybody he wants to. If you are not responsible, I would like to have somebody who is responsible tell me some good reason for allowing twice as much trash in No. 1 runner peanuts as in No. 1 Spanish. I don't care who gives me the answer.

Mr. THIGPEN. I will give an explanation which has been given, which I consider to be most logical. I wouldn't attempt to defend the particular setup on shelled grade standards. They can be improved, probably.

But as I understand, the way the grades have been set up thus far, there has been an effort to set grades which would let the bigger portion of the peanuts of each of the types move into the market within the grade divisions which have been No. 1, No. 2, and oil stock, with some variations.

I realize the question which goes with the 1.5 percent damage allowance, the tolerance on runners, and three-quarters of 1 percent on Spanish, or Virginias. But the explanation which has been given for that variation is that in the case of runners, on the average, there are more peanuts which have what they call concealed damage—that is inside the kernel—which cannot be detected by observation with the eyes, when shelled peanuts go over a belt, or which cannot be detected by electric eyes.

Now, if a change were made to, say, well, the damage can only be one-half of 1 percent, then theoretically there could be no, or very few, so-called No. 1 runner peanuts. And it is that point which is a bone of contention.

In the Spanish peanuts in the Southwest, in most years the damage can be brought to, say, three-quarters of 1 percent, by visual observation, use of electric eyes, because there is not so much of the concealed damage. Yet, the Southwest area people, the shellers in particular, feel that nonetheless, even though these 2 peanuts are inherently different, there should not be 1 that is called a No. 1 peanut, that has 1.5 percent damage, whereas theirs only has three-quarters of 1 percent damage when it is called a No. 1.

Mr. ALBERT. May I interrupt here a minute. Of course, the thing that causes the trouble is the market advantage that one gives the other. That is the whole story. Any Government policy that gives one section a break on the market over the other will always cause an uproar.

Mr. THIGPEN. Congressman, I appreciate the remark. And I would sincerely like to see the shelled grade standards so revised that they would, I believe, better serve the industry.

Mr. POAGE. Then may I ask Mr. Miller who is responsible for revising them?

Mr. MILLER. It lies in the Department of Agriculture.

Mr. THIGPEN. It is the Agricultural Marketing Service. But I think in all fairness that the peanut people themselves know more about this question than anyone else, the shellers.

Mr. POAGE. We have questioned a great many of them this afternoon, and there is not a one that has not said they know of one reason why we should not apply the same rule. Not one has testified this afternoon as to why there should be a different rule.

Now, if they know more about it than you do, and you don't know why there should be any difference, and they say they don't know why there should be any difference, then why in the world should there be a difference?

Mr. THIGPEN. Congressman, I do not think personally—and I shouldn't be talking on this, really—but I do not think personally that the No. 1 grade and the No. 2 grade, just a two-way break, would permit an adequate description of the peanuts which go to market—whether you made the damage one-quarter of 1 percent or 3 percent.

Mr. POAGE. That may very well be true. But it is what Mr. Albert points out there, and I am sure you will agree—that if we sell peanuts or peanut butter, the United States Government, which I understand is the largest purchaser of peanut butter, will only let the troops eat butter made out of No. 1 peanuts.

Now, it is all right to put 1.5 percent trash in if it happens to be made from one type of peanuts, but if it happens to be another you can only put half as much trash there and call it No. 1.

Now, why should one group be allowed to pour twice as much trash into that peanut butter and still call it No. 1 as the other.

Mr. THIGPEN. Congressman, I think I have given you the only explanation I can this afternoon.

Mr. POAGE. I think you have, too, and I think it is a very poor explanation.

Mr. MCMILLAN. Who has control of that in the Department—Mr. Smith?

Mr. THIGPEN. It is the Agriculture Marketing Service, Fruit and Vegetable Division. Mr. Smith is Director there.

Mr. MCMILLAN. He would have authority to correct that situation?

Mr. THIGPEN. Well, as I work within CSS, yes.

Mr. POAGE. He has had authority to correct that situation for a great many years, hasn't he?

Mr. THIGPEN. And he has had a very difficult time getting the peanut people to come to some sort of agreement.

Mr. POAGE. He has the authority, though. That is why I disagreed with Mr. Reagan when he assumed the Department will not correct anything until we make them.

Mr. THIGPEN. I think at times, in all fairness to Mr. Smith and the fellows who work very hard on this question, that there is a question as to whether they have authority, or whether they have responsibility, which it is difficult to discharge satisfactorily, when there is such a wide divergence of opinion within the industry, in fairness to them.

Mr. MATTHEWS. Mr. Thigpen, despite a unanimity of feelings here, I would suspect that if something had not been done, if you take this matter to the peanut growers all over the country, there might be a difference of opinion. Would you say that is true?

Mr. THIGPEN. I think actually the peanut growers have not been so much concerned about this, although they have been pulled into it by the shellers. It is something which comes into this very sharp competitive picture that the shellers have. And it affects the growers to some extent. Your growers usually on a question of this kind would line up with the shellers in each area.

Mr. POAGE. Mr. Matthews, may I ask you if you know any peanut grower in the Southeast, or anywhere else, who has any good reason to insist on this differential?

Mr. MATTHEWS. I frankly don't. But to keep the record straight, we were talking about Mr. Pace a while ago, and he surely hemmed and hawed on that question the other day.

Mr. Turner might have said he was Mr. Pace's boss, but Mr. Pace never came right out and said, "You are right, Mr. Turner." He hemmed and hawed. So I agree with Mr. Poage—it is pretty hard for me to see why there is this differential. But I just suspect there must be some honest differences of opinion somewhere along the line.

Mr. THIGPEN. I think in all fairness, when you look at the way the peanuts are sold, you will find you have not only the United States standard on shell grades, but you have what are called trade rules or trade association rules. And most of the peanuts sold in the Southeast, for instance, are not on the United States shelled grades presently, but against their trading rules. Instead of selling a No. 1 peanut, they will sell a No. 1 peanut with splits in it. Then you have a variation of damage beyond certain limits an dso on—a wide range and break, depending on the quality which can be produced. And that comes up within other areas.

Mr. POAGE. Well, Mr. Thigpen, I know the Department would be glad to see this whole program abandoned. And I know that the salters and those people would be glad to see the price drop to $100 a ton. I recognize those facts.

But isn't it a real fact that if we continue to let these irritants go untreated, that we are going to break down the entire program, and a lot of people will be glad about it, but it is going to happen, isn't it?

Mr. THIGPEN. I don't know whether that is a fair question for me to try to answer or not, Congressman.

Mr. POAGE. Maybe it isn't.

Mr. THIGPEN. As you know, I always try to remove irritants.

Mr. POAGE. But nobody has done anything to remove this one for a good long time, have they?

Mr. THIGPEN. I wouldn't say that the Department has not made an effort in this direction. And I think at one time the fellows in the Agricultural Marketing Service, Fruit and Vegetable Division, made a proposal which would have helped, but which at that time, with the understanding or lack of understanding that existed, I believe was actually opposed by the people from the Southwest areas, as well as some of the other areas.

Now, I might not myself have agreed with the proposal which was made. But in fairness again to the fellows who work on this in the Department, they would like to improve it, and they would like to have help in getting it improved. And they have had a very tough time because of the sharp competitive conflict.

Mr. MCMILLAN. Well, can they improve it without additional legislation?

Mr. THIGPEN. I believe if people would put their heads together and work on it, it would be done.

Mr. POAGE. The Department doesn't have to have an agreement from anybody to change these rules, do they?

Mr. THIGPEN. In general, it is much better if there can be some agreement.

Mr. Poage. I agree. But they are holding to this rule in opposition to 2 of the 3 areas, at least, because obviously the Virginia-Carolina people and the southwestern people would like to see the rule changed, wouldn't they?

Mr. Thigpen. On the particular point, I don't believe—you could ask the Virginia-Carolina people—I don't believe it makes very much difference to them one way or the other. I think if the rule is changed, with saying that the damage tolerance in all of these types on No. 1 peanuts be 1.5 or 2 percent, that it is a sort of a useless move. And I would say to you personally, I wouldn't object to that because I don't care to see the squabbling go on. I think they are going to put the peanuts up and sell them for what they are regardless of the Government grades as they stand, and as badly as I think we need serviceable Government grades for merchandising peanuts.

Mr. Miller. Mr. Poage, we would like to work out our difficulties as well as we could with the producer organizations with the least amount of disturbance and discord we could have. I think the Department actually appraises every move that it might make, and more or less fathoms grower reaction to see what the end result will be.

Frankly, maybe we would have moved more aggressively in some areas than we have, had it not been for the differing views we have seen evidenced among the peanut growers. We certainly have no intent of maintaining a sore spot, so to speak, to the detriment of the program. We would like to remove it if we see it is possible and practical to do so, for the improvement of the program itself.

Mr. McMillan. Should the growers in the Southwest and Southeast get together on that one point, would the Department correct it?

Mr. Miller. I don't want to answer for the Agricultural Marketing Service, but I would say certainly if it is for the improvement of peanut program and the peanut growers, I see no reason why the Department of Agriculture would not go in that direction.

Mr. Poage. Well, as one little irritant, may I ask you about this—that is a small irritant. The Burleson bill would correct that. As far as I know nobody in the Southeast, nobody anywhere else, has objected to it except you, the Department.

Now Mr. Brooks is a good friend of mine. I admire him as an individual and his organization. But you have planted him over in our midst, and have let him take money from the cotton cooperative members and go into the peanut business with it. We want to know why the Department is so determined that we shall have to have Mr. Brooks' organization operating in the Southwest. Now, I don't think in the Southeast that has any insistence on that. There is nobody among the growers that are demanding that you put Mr. Brooks in the Southwest, is there?

Mr. Miller. I know of no growers in the Southwest that are demanding it. I think that the Department has seen fit to recognize the cooperative movement for a great number of years.

Mr. Poage. We haven't a bit of objection to your recognizing the cooperative movement. In fact, we want you to recognize it. But we would like you to recognize our own cooperatives, instead of moving somebody from Atlanta, Ga., into Texas and Oklahoma.

Mr. Miller. We are rather hard put, Mr. Poage, to justify limiting the fields of operation of any cooperative association in the United States.

Mr. POAGE. You immediately recognize and allow them to proceed to do things that you don't allow anybody else to do in that area. If you treated them just the same as you treated everybody else, we could not object. But you give him all the privileges he enjoys because of his well-established cooperative offer in the Southeast, and he actually represents peanut growers over there, and I am sure renders some real service. I know he has rendered a service in the cotton industry. I have no criticism of their organization. All I am saying is, Why do you inflict it on us?

Mr. MILLER. Well, I think if any similar coperative association—and I am not speaking in favor of Mr. Brooks personally today, endorsing either cotton or other coperatives, but endorsing the cooperative movement as a whole—if any cooperative association should care to expand, I think the Department of Agriculture would recognize their right to do so.

Mr. POAGE. You let him move over there without one single peanut cooperative member, and called his association a cooperative although it did not have one single peanut grower as a member. Now, they had some cottongrowers, all right. They have cottongrower members. But why should a cotton cooperative, an association made up of people who are growing cotton—why should they receive the advantages that are accorded to a peanut cooperative?

Mr. MILLER. Mr. Poage, I don't know that you would want to limit the operations of a cooperative association and prevent its expansion merely because it does not have members at the time it intends to expand facilities into another area.

Why should you limit them or exclude them or preclude them from moving into that area because they do not have any members as of that time——

Mr. POAGE. You wouldn't let the cooperative pickle growers of New York come down there and be recognized as a marketing agent for peanuts, would you?

Mr. MILLER. I would think so, yes, sir, if they had peanut facilities, and people who would like to join a cooperative association. I don't think the Department of Agriculture or any other organization would want to attempt to preclude them from coming into an area.

Mr. POAGE. I don't know how far you will go. You have many kinds of cooperatives.

Mr. MILLER. We have attempted, and I think have succeeded, in not giving any greater benefits to this cooperative association than has been given to other cooperative associations or private industry engaged in the shelling operations.

Mr. POAGE. Mr. Wilson's cooperative—you make them take all peanuts, don't you? They have to take them. And they have to care for them. Mr. Brooks just takes what he pleases. It is sort of like this railroad fight. The railroads say that the trucks haul what they please, and we force the railroads to haul anything which is offered. You force some of these people to do the whole job, and you let others do that part of the job they want to.

Mr. MILLER. We have recognized the desirability of extending the prime contract price for support through one stabilization cooperative association. This is a different operation from an individual producer or association of producers known as a cooperative. We

placed Mr. Brooks and his organization in the latter category. He stands in the place of his members individually and separately. And as such, we think, is entitled to price support in the same manner as extended to any individual. That is the way we generally extend price supports.

Mr. POAGE. Mr. Miller, all I want to say is there are a lot of little irritants building up. And as far as I am concerned in the last 10 years the Department has not removed one of them. Obviously it is going to break the whole program down if it goes on as it is.

Mr. MCMILLAN. To sum up this hearing, we would like to ask you, if possible, to see if you can give these people some assistance, and get together on this item where there is some controversy, getting the Southeast and Southwest on the same basis.

Any further questions?

Mr. ABBITT. Yes; I would like to ask him something now. In addition to the grades, I don't believe Congressman Poage went into the question about differential in price. I am vitally interested in that. And I am wondering if any real headway is being made in eliminating the differential in price between the various types of peanuts. I think that is just vital to our industry if we are going to survive. And I don't see how our people can survive if the Department is going to maintain the position for this year that it has in the past. I am just wondering if any related way has been made in eliminating the discrimination in the differential?

Mr. MILLER. Mr. Abbitt, Mr. Thigpen has been conferring with the growers and associations of growers since we had a meeting with Mr. McLain and several members of the congressional committee some 6 or 8 weeks ago. Mr. McLain has been vitally interested in this subject. Mr. Thigpen can explain to what extent he has made progress, and as to how soon he thinks he might be able to come up with some recommendations. I won't ask him to divulge what they are at the present time because they are still subject to revision. But if he can give you a report as to what progress he has made, I think it would be good at this time.

Mr. ABBITT. It certainly would be helpful. I don't want him to disclose anything.

Mr. THIGPEN. Could I comment off the record?

(Discussion off the record.)

Mr. THIGPEN. Howard Akers, who worked for a long number of years on price supports on peanuts, stated occasionally that many people held the view, and he tended to share it, that a pound of sound mature kernels was worth the same thing regardless of type. Now, that is a rather plausible kind of theory, and a way to look at the question. And I, myself, tended to feel that there was considerable merit to that point.

So when this suggestion was made at the discussion some weeks back by the people representing the Virginia-Carolina area, and in turn by the people representing the southwest area, that the matter be approached on that basis, we began digging into it as thoroughly as we could.

Our job on differentials actually would be easier if we could defend that position, specifically.

We have obtained some information in the past several weeks which we have not had heretofore, bearing on the question. Here-

tofore we have, as a matter of necessity, almost, said that we would establish the price support differentials based on the historical price relationships as shown in the market place, and as compiled by the Department, because we had absolutely no other method that we could use that would let us calculate something that we could explain and defend.

Now, theoretically, too, generally speaking, the best test of price relationship is what is shown by the market over a period of years. Yet we realize that when price supports are in effect over a number of years, that perhaps you are sort of reading back into the mirror what you put there.

We are not yet ready—I am not yet ready—based on the analysis we have made thus far, to make a specific recommendation. I have some question as to whether the theory of the same SKM value is actually in line with market values.

Now, I might sidetrack for a moment and say that—by way of information—at the hearing, the recent hearing before this subcommittee, Mr. Reagan, of the Southwest, stated that the Southwest area wanted the same value assigned to each percent of SMK, that that had been done in such a way for 1951–55 that the value per percent of SMK for runners was the same as the value per percent of SMK for Southwest Spanish; that is true. But no consideration then was given to kernels other than sound mature kernels.

The net effect of it is that if we were to return to the same thing that was used in 1951–55, that the price of Southwest Spanish peanuts would be decreased relative to the price of runner peanuts.

And yet this gets to be a complex, difficult question. And I know no way of going at these things, except getting all the information we can, putting it in front of all the people interested, and seeing if we can get as nearly as posible a meeting of minds. On this one I am afraid we cannot get agreement in all areas. I am afraid we will be left with the responsibility for a decision, which, as I sometimes say, will leave people in each area about equally unhappy. No one with my disposition likes that. And yet that is what we have to go through.

I do think without question there has been 1 change in the last 2 or 3 years in terms of variety shifts in the Virginia-Carolina area which has modified the market value relationships for these large kernels of Virginia type and that some adjustment is needed there. Again I am not quite ready to say what I would think would be best or least bad on it.

Mr. Abbitt. When do you think we could reasonably expect to have a suggestion?

Mr. Thigpen. From the Division standpoint, we want to come to some conclusion as to what we think before the end of the month.

Mr. Miller. You see, the Department is just as anxious to come forth with a solution as you have expressed your desire that we do so. We will come up immediately with our recommendation.

Mr. Abbitt. I just want to reiterate how important and vital it is for the people in our area. I know if we are going to survive, we have got to have some substantial relief. I would hate to think that a great industry like ours would suffer.

Mr. ALBERT. Here's the thing we get. We get the complaint that the way the thing is being administered means that the same quality peanuts are moving slower, and markets are being lost, and the Government is going to have to go more and more into one area than into another, when as a matter of fact it should be going the other way, maybe, based on quality. At least we get those reports.

Mr. THIGPEN. I believe the record is fairly clear that the Department has taken most of its peanuts under price support loan from the Runner type, and that notwithstanding the differentials.

Now, that jumped over the fence in 1956 and 1957 when these extra large percentages changed in Virginia. You get a very close, a very sharp competitive situation here. And it is awfully difficult to know exactly what is right.

Howard Acres said one other thing. That is, the longer I stayed around and worked with peanuts, the more I would find out how little I knew about them. I concluded he was very nearly right on that, too, Congressman.

Mr. ABBITT. I would like to ask one thing about your statement on the first page. I believe it is the fourth paragraph. You said, Mr. Miller, "We believe this increase in consumption of peanuts is associated with somewhat more moderate prices."

Mr. MILLER. Yes.

Mr. ABBITT. You mean prices to the consumer?

Mr. MILLER. In the relationship. A moment ago, I believe the statement was made that the price of some peanut products to the consumer was not less than it was a year ago. If the cost of living has gone up, and the cost of food index has risen, and the price of peanuts are the same as these were a year ago, they are a better buy today than they were a year ago.

In that line of reasoning, we think that it is to the advantage of the producer to not allow peanut prices to rise abnormally high. It is our feeling, within the Department, both in the Agricultural Marketing Service, and in the Commodity Stabilization Service, that when peanut prices have been lowered, consumption increases have paralleled this lower price.

Mr. ABBITT. I just wondered when you made that statement, if you or whoever prepared it, knows of any peanut product that has decreased or has failed to go up. Let us put it that way. Do you know of any that has failed to advance in price?

Mr. MILLER. I won't pass on that. I would say I doubt if there is actually.

Mr. ABBITT. It is the fourth paragraph on the first page:

> We believe this increase in consumption of peanuts is associated with somewhat more moderate prices.

Mr. MILLER. It certainly parallels it, Mr. Abbitt, if it is not directly associated with it. We think it is more than coincidental.

Mr. ABBITT. The information I had was that all of the prices of the product had gone up. For instance, peanut butter went up from 49 cents a pound in 1953 to 54.2 in 1958.

Mr. MILLER. Yes, sir; they probably have.

Mr. MATTHEWS. And at the same time the prices to the producer went down.

Mr. ABBITT. About 15 percent. That is right, Mr. Thigpen.

Mr. THIGPEN. The price to the producer is down some. And I don't know quite how to appraise the price on the peanut products.

Mr. ALBERT. Is it true that more peanuts are going into the same pound of finished product, such as candy? That is what one of these witnesses testified to.

Mr. THIGPEN. I believe that there is a change in that direction.

Mr. ALBERT. Is it true that peanuts are doing better with reference to their competitors, other nuts and so forth? If they are, well, then, this statement could be true.

Mr. MILLER. AMS tells us that where peanuts become more competitive with the tree nuts, that they are more acceptable, and they enjoy a greater share of the market.

Mr. ABBITT. In other words, they have gone up less to the consumer than the other nuts—even if they have not gone down.

Mr. MILLER. They have probably gone up less, we will say, than the general cost of food has as a whole, including tree nuts.

Mr. ABBITT. So in a backhanded way, they have not increased like the other commodities?

Mr. MILLER. Yes, sir.

Mr. ABBITT. Now, is there anything in either one of these two bills that the Department favors?

Mr. MILLER. No, sir. We found nothing, Congressman Abbitt, that we favor.

Mr. ABBITT. You don't want to fool with a minimum acreage?

Mr. MILLER. No, sir.

Mr. ALBERT. You would like the 1,610,000?

Mr. MILLER. Oh, actually we don't like minimums at any time, Congressman Albert. But we feel like with a price adjustment, we can get an increase in consumption and an increase in acreage allotments.

Mr. ABBITT. You think we might look forward next year to an increase in allotments? Certainly I am for that.

Mr. MILLER. I think if we can get an increase in consumption, if we can supplant the tree nuts that are used in candy, and the consumption in mixed nuts. I am not an expert on these percentages of types of nuts that go into salted nuts, but they say that the percentage of peanuts varies directly with the competitive price for the other nuts in the mixture. And the better the buy in peanuts, the greater percent in the mixed nut packaging.

Mr. ABBITT. I am not in favor of reducing the acreage allotment either. But I thought this bill was sort of in line with the Secretary's philosophy that he wanted more flexibility in the fixing the allotment. And that would be one little bit of thinking he might be interested in. Not that the bill lowers the minimum allotment at all, but it just gives you the flexibility, that he might go up or down, either way. And I thought that was his philosophy, that he would rather have more flexibility, and not be put into such a straight jacket. But he doesn't even favor that in the bill?

Mr. MILLER. No, sir.

Mr. GRANT. Do you agree with those in the Southeast that if the minimum allotment was changed, that it would increase the acres in Virginia?

Mr. ALBERT. It would transfer acres from the Southeast to Virginia.

Mr. ABBITT. Yes, if the minimum were changed.

Mr. MILLER. I don't know. Jim, are you willing to pass on that?

Mr. THIGPEN. This change in the minimum allotment I believe would have no effect as among the areas?

Mr. MILLER. I don't see how it would affect a different area.

Mr. ABBITT. If the Secretary would reduce the national allotment and up the type allotment. I was for it, if it did do that.

Mr. MILLER. I am afraid, there might be some opposition in other areas.

Mr. ABBITT. I see.

Mr. MCMILLAN. Any further questions, Mr. Abbitt?

Thank you very much, Mr. Miller, and Mr. Thigpen, for being with us this afternoon.

I will ask permission of the committee to insert in the record a copy of the report of the Secretary of Agriculture.

(The document referred to is as follows:)

DEPARTMENT OF AGRICULTURE,
Washington, D. C., June 9, 1958.

HON. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: In response to your request we are setting forth below our recommendations with respect to H. R. 12566 and H. R. 12545.

The Department opposes both of these bills because they would tend to maintain high-level price supports on a inflexible basis and would increase and tighten rather than reduce and relax the restrictions and regulations by the Government affecting the production and marketing of peanuts. During each of the past 2 years the consumption of peanuts has increased about 8 percent and continued increases at this rate would soon bring the supply and demand into balance at prices near the present levels. The improvement of the last 2 years in supply-demand relationship is related to some downward adjustment of price and the orderly supply of peanuts. Adoption of either of the bills would establish provisions which would tend to nullify the progress made and is directly contrary to the administration's recommendations.

If either bill were adopted it would result in major changes in the marketing quota acreage allotment and price-support legislation as it applies to peanuts. Similar provisions are contained for increasing the carryover percentage in the normal supply for eliminating Commodity Credit Corporation carryover in the supply percentage calculation and in providing for a self-financing price-support program. The two bills are also similar in providing for a fund to be used for publicity, promotion, and other purposes designed to increase the sale and utilization of peanuts.

The increase in the carryover percentage for determining normal supply together with the elimination of Commodity Credit Corporation carryover from the supply percentage calculation will tend to freeze the support price at 90 percent of parity. We are strongly opposed to both these provisions.

Both bills would result in the development of substantial funds to be used in publicity and promotion relating to peanuts. These provisions in effect would place the Federal Government in the field of promotion of peanuts and peanut products. We do not feel that the Federal Government functions should be expanded into this area of activity.

H. R. 12566 provides for a reduction of the minimum acreage allotment by 5 percent. This reduction is offset in part however by the provision that the quota shall be 105 percent of the normal supply of peanuts. H. R. 12545 does not contain these provisions but instead provides for an undesirable increase in the acreage allotment to offset underharvesting of allotted acres. H. R. 12545 also contains a provision for increase in acreage allotment on an area basis in case of short supply. The method of determining short supply proposed constitutes a simplification of the present system but appears to be unworkable since it would be established on an area basis instead of by types.

H. R. 12566 would increase the support to the growers by 5 percent if the self-financing features have been adopted by the referendum provided for in the

proposed legislation. This 5 percent increase provision plus the restriction and inflexibility resulting from other provisions would result in 95 percent of parity support in most years. This compares with 82 percent of parity support in 1958. H. R. 12545 does not contain the 5 percent increase provision. Instead it changes the supply percentage for 90 percent of parity from 108 percent to 102 percent and thus increases the possibility of support at less than 90 percent.

H. R. 12545 contains two provisions which are not closely related to the remainder of the bill. One of these provides for a level of support of constant value per sound mature kernel for each of the types. This would result in undesirable rigidity in the price-support program. The second proposal provides the Secretary shall not enter into any contracts with associations performing shelling operations where contracts are not available on the same basis to other shellers. The Department feels that this provision also places unnecessary restrictions on departmental operations.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

Mr. MCMILLAN. Does any other person in the audience want to make a statement?

Mr. RAWLINGS. I would like to make one brief statement, Mr. Chairman. The statement filed by Congressman Abbitt representing the views of the Virginia Carolina Peanut Association on behalf of Virginia and North Carolina growers, I want the record to show clearly that that is a sheller and end users association. The growers have no connection with it whatsoever.

Mr. MCMILLAN. Thank you, Mr. Rawlings.

Is there anyone else who did not have an opportunity to make a statement that would like to be heard?

STATEMENT OF HON. OMAR BURLESON, A REPRESENTATIVE IN CONGRESS FROM THE 17TH CONGRESSIONAL DISTRICT OF TEXAS

Mr. BURLESON. Mr. Chairman, may I just say this to the committee—if I may have leave to file a short statement. I have already testified on the bill I introduced, 12545. But to point up this standard and uniform grades and price supports, just today, a little while ago, I did drop in the hopper, which I hope will be helpful to the committee, a bill pinpointing these two particular subjects. And if I just may read into the record just two short paragraphs, leaving off the formal enacting clause and so forth.

"(a) The Agricultural Adjustment Act of 1938 as amended be amended by adding as section 305 the following:

"Grade standards and definitions established by the United States Government either on a basis of voluntary or mandatory use, for peanuts, shall be uniform among the various types of peanuts, except for variations as to size of the peanuts.

"(b) The Agricultural Act of 1949 as amended is amended by adding the following sentence at the end of section 403:

"In the case of peanuts, the same support price shall apply to each one per centum sound mature kernels for all types with premiums to be determined by the Department of Agriculture for extra-large Virginia type peanuts, and for Valencia type peanuts that are suitable for cleaning and roasting."

(The statement referred to is as follows:)

STATEMENT OF HON. OMAR BURLESON, A REPRESENTATIVE IN CONGRESS FROM THE 17TH DISTRICT OF THE STATE OF TEXAS

Three major objectives will be accomplished by this bill, all of which are highly desirable and should be encouraged by Congress. These objectives are:

1. Permit peanut growers to put the price-support program on a self-help basis and remove the burden of the program from the taxpayers. The costs of carrying out the price-support program would be financed by deductions from the price received by growers.

2. Provide for an expanded market for peanuts through a promotion program financed out of deductions from the price received by growers.

3. Correct certain defects that have developed since the last revision of peanut legislation in the early 1950's.

I strongly believe that Congress should give peanut growers an opportunity for self-help program in financing the costs of the peanut price-support program and in promoting peanuts.

Congress should provide for the correction of certain grave disadvantages under which the Southwestern peanut industry is now forced to labor as a result of present legislation and the administration of this legislation.

At the present time the support price on a ton of southeast runner peanuts is between $5 and $6 below the support price on a ton of southwest Spanish peanuts of the identical grade. As a result of this great disparity in support prices and as a result of the very high quality of southeast runner peanuts, the southeast runner peanuts have been displacing southwest Spanish peanuts in the edible market.

The evidence is overwhelming that the southeast runner peanut is an extremely high-quality peanut. This is freely admitted by the growers and shellers of southeast peanuts. For example, at a meeting held by the Department of Agriculture on March 14, 1958, in Washington, D. C., the representative of all the growers and shellers in the Southeast area testified that all types of peanuts are completely interchangeable and substitutable. He stated that:

"I was instructed to state at this meeting that the peanut growers of the Southeast and the peanut shellers of the Southeast are opposed to any allocation of peanuts on the basis of types. All type peanuts are good peanuts. They are completely interchangeable and substitutable * * *"

Similar statements have been repeatedly made by other representatives of the Southeast area.

The manner in which runner peanuts have been displacing Spanish peanuts is dramatically shown in the use of these peanuts in the making of peanut butter. In the 1946–47 marketing year, only 92 million pounds of shelled runner peanuts were used in making peanut butter. By 1956–57, the last complete marketing year, the use of runner peanuts in making peanut butter had increased to 177 million pounds. In sharp contrast, the use of Spanish peanuts in peanut butter decreased from 175 million pounds to 105 million pounds during the same period. The fine quality plus the low prices of runners have caused peanut butter manufacturers to favor runner peanuts to the serious detriment of Spanish peanuts.

The following table shows by years and in millions of pounds the quantities of shelled runner and shelled Spanish peanuts used in peanut butter:

Marketing year	Runner	Spanish	Marketing year	Runner	Spanish
1946–47	92	175	1952–53	167	60
1947–48	83	157	1953–54	152	96
1948–49	77	161	1954–55	166	71
1949–50	106	148	1955–56	154	136
1950–51	139	134	1956–57	177	105
1951–52	134	93			

This bill would provide for equality in support and would help check the shift away from Spanish peanuts to runner peanuts.

This bill provides for the growers in each area financing the costs of diverting the surplus in their area. It would be most unfair for growers in areas not producing surpluses or producing only small surpluses to bear the cost of sur-

pluses in other areas. For example, during the last 6 years (1952 through 1957) there have been losses in the Southwest area in 2 of these years. There were losses in 1953 and 1955. During the same 6-year period there were substantial losses in the Southeast area in 5 out of the 6 years. The total losses during this 6-year period in the Southwest area were approximately $7 million, compared to approximately $43 million in the Southeast area during the same period. Furthermore, it would be an impossible undertaking to persuade growers in the Southwest area to accept a uniform deduction program.

There is an urgent need to take action now to protect the peanut marketing quota, acreage allotment, and price support programs. The opponents of the peanut price support program will not remain idle in the future in response to inaction on our part. Twice during the last few years the peanut price support program has come close to being voted out as a basic agricultural commodity. When such an attack is launched on the program it is too late then to make constructive reforms. The peanut industry today faces a golden opportunity to set its house in order so that it can effectively withstand attacks.

This bill should have the support of all who want to put the peanut price support program on a sound basis so that it can effectively withstand the attacks upon it.

Mr. POAGE. That is, of course, exactly what I was trying to ask the witnesses if they favored. I wonder if we could ask if there is anybody in the room that objects to either one of those things, other than representatives of the Department and the salters and roasters—of course they object. Is there anybody, though, that represents any peanut producer that objects to either one of those proposals?

Mr. GRANT. This is rather a limited audience to take a poll on.

Mr. MATTHEWS. As I said before, I certainly cannot see any.

Mr. MCMILLAN. If no one else cares to be heard, the committee will go into executive session.

(Whereupon, at 4:10 p. m., the committee went into executive session.)

LEGISLATIVE HISTORY

Public Law 85-717
H. R. 12224

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INDEX AND SUMMARY OF H. R. 12224

Apr. 29, 1958	Rep. Mathews introduced H. R. 12224 which was referred to the House Agriculture Committee. Print of bill as introduced.
May 27, 1958	House subcommittee ordered H. R. 12224 reported.
June 4, 1958	House committee ordered H. R. 12224 reported with amendment.
June 12, 1958	House committee reported H. R. 12224 with amendments. H. Report No. 1875. Print of bill and report.
July 7, 1958	House passed H. R. 12224 as reported.
July 8, 1958	H. R. 12224 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
July 30, 1958	Senate committee ordered H. R. 12224 reported without amendment.
Aug. 4, 1958	Senate committee reported H. R. 12224 without amendment. S. Report No. 2161. Print of bill and report.
Aug. 11, 1958	Senate passed H. R. 12224 without amendment.
Aug. 21, 1958	Approved: Public Law 85-717.

DIGEST OF PUBLIC LAW 85-717

ELIGIBILITY FOR PEANUT ACREAGE ALLOTMENTS. Amends the Agricultural Adjustment Act of 1938 so as to provide that the production of peanuts on a farm in 1959 or after for which no farm allotment was established will not make the farm eligible for an allotment as an old farm, the production of peanuts without an allotment will not cause the farm to be ineligible for a new farm allotment, and the production of peanuts without an allotment will not be deemed as past experience in the production of peanuts for any producers on the farm; also provides that one acre or less of peanuts may be produced and marketed, beginning with the 1959 crop, without an allotment and without incurring marketing quota penalties, provided the producers interested in the peanuts do not share in peanuts produced on any other farm.

H. R. 1222[illegible]

A BILL

85TH CONGRESS
2D SESSION

H. R. 12224

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1958

Mr. MATTHEWS introduced the following bill; which was referred to the Committee on Agriculture

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm

allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended to read as follows:

"The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

85TH CONGRESS
2D SESSION

H. R. 12224

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

By Mr. MATTHEWS

APRIL 29, 1958
Referred to the Committee on Agriculture

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 28, 1958
For actions of May 27, 1958
85th-2d, No. 84

CONTENTS

HIGHLIGHTS: House agreed to conference report on agricultural appropriation bill, and considered amendments in disagreement. House tentatively voted against Alaska statehood bill. Rep. Gathings requested consideration of bill to permit transfer of cotton allotments due to excessive rainfall, but Rep. Hagen objected.

HOUSE

1. AGRICULTURAL APPROPRIATION BILL FOR 1959. Agreed to the conference report on this bill, H. R. 11767, and considered the two amendments in disagreement. (pp. 8593-95, 8631)

Agreed to an amendment by Rep. Whitten to provide that no change shall be made in the 1959 ACP program which will have the effect, in any county, of restricting eligibility requirements or cost-sharing on practices included in either the 1957 or the 1958 programs, unless such change shall have been recommended by the county committee and approved by the State committee. (p. 8594)

Considered, but took no action on, an amendment by Rep. Whitten to provide that hereafter no conservation reserve contract shall be entered into which provides for (1) payments for conservation practices in excess of the average rate for comparable practices under the Agricultural Conservation Program, or (2) annual rental payments in excess of 20 percent of the value of the land placed under contract, such value to be determined without regard to physical improvements thereon or geographic location thereof. In determining the value

of the land for this purpose, the county committee would take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land. (pp. 8594-95) Further consideration of this amendment was postponed until today, May 28, after Rep. Reuss made a point of order on the vote on the amendment on the ground that a quorum was not present. Rep. Reuss expressed his concern regarding this amendment and inserted correspondence between himself and Rep. Whitten discussing the effects of the amendment. (p. 8631)

2. ALASKA STATEHOOD. Continued debate on H. R. 7999, the Alaska statehood bill. (pp. 8595-8610)

Agreed, 144 to 106, to a preferential motion by Rep. Rogers, Tex., to report the bill back to the House with the recommendation that the enacting clause be stricken. (pp. 8609-10)

Considered, but took no action on, amendments by Rep. Dawson, Utah, to limit to 25 years, instead of 50 years, the time within which the State of Alaska could select 400,000 acres from lands within the national forests in Alaska, and to limit the grant of public lands to the State of Alaska to 102 million acres instead of 182 million acres. (pp. 8605-06) Also considered, but took no action on, an amendment by Rep. Rogers, Tex., as an amendment to the amendment by Rep. Dawson, Utah, to limit the grant of public lands to the State of Alaska to 21 million acres. (pp. 8606-09).

3. COTTON ALLOTMENTS. Rep. Gathings requested unanimous consent for consideration of H. R. 12602, to permit the transfer of 1958 farm acreage allotments for cotton in the case of natural disasters, but Rep. Hagen objected on grounds that the legislation "has been handled in a very extraordinary, high-handed, and unauthorized manner." pp. 8616-17

4. TRADE AGREEMENTS. The Rules Committee reported a resolution for consideration of H. R. 12591, to extend the authority of the President to enter into trade agreements under the Tariff Act of 1930. pp. 8593, 8636

5. PEANUT ALLOTMENTS. A subcommittee of the Agriculture Committee ordered reported H. R. 12224, to provide that production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm. p. D472

6. BUILDING SPACE. The Government Operations Committee reported with amendment S. 2533, to authorize GSA to lease space for Federal agencies (H. Rept. 1814). p. 8636

7. WATERSHEDS. Received from the Budget Bureau plans for works of improvement for the Wild Rice Creek watershed, N. Dak. and S. Dak., and the Canoe Creek watershed, Ky., pursuant to the Watershed Protection and Flood Prevention Act; to Agriculture Committee. p. 8635

8. ECONOMIC CONDITIONS. Rep. Hiestand discussed current economic conditions, and stated that "it is peculiar, exceedingly peculiar, that farm income is up $2 billion from the same period last year, yet supposedly recession stalks the land." p. 8585

Rep. Sheehan discussed current economic conditions, and listed actions which have been taken to "stimulate the economy," including requests for additional funds for REA loan programs, watershed programs, roads, public works, etc. pp. 8621-25

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 5, 1958
For actions of June 4, 1958
85th-2d, No. 89

CONTENTS

HIGHLIGHTS: Senate concurred in House pay raise bill with amendment. Senate debated mutual security authorization bill. Sen. Humphrey said USDA recommendations on Public Law 480 were inadequate. Sen. Symington discussed farm-price situation. House committee ordered reported bills to provide for townsites on FS lands, provide reimbursement for appeal inspections under Grain Standards Act, and prohibit creation of farm history through planting peanuts without allotment.

SENATE

1. PAY RAISE. Concurred, with amendment, in the House version of S. 734, the pay raise bill. The amendment was offered by Sen. Johnston for himself and Sen. Carlson. It would permit recruitment of certain scientific and professional college graduates at GS-7 rather than GS-5; restore previously approved Senate language relating to additional supergrades and Public Law 313 positions, and restores previously approved Senate language prescribing a method for adjusting pay of employees upgraded under Sec. 803 of the Classification Act. pp. 9083-97

2. FOREIGN AID. Continued debate on H. R. 12181, the mutual security authorization bill. pp. 9039-40, 9061-83, 9098-123

Sen. Humphrey inserted and discussed an amendment which he intends to propose, to request a study of a possible International Food and Raw Material Reserve. pp. 9069-70

3. FOREIGN TRADE; SURPLUS COMMODITIES. Sen. Humphrey stated that the administration's recommendations for continuation of Public Law 480 have been inadequate, and expressed the hope that the House will soon act on this matter without waiting for an omnibus farm bill. pp. 9058-9

Both Houses received from this Department proposed additional amendments to Public Law 480, to provide for use of foreign currencies for Federal buildings,

of the land for this purpose, the county committee would take into consideration the estimate of the landowner or operator as to the value of such land as well as his certificate as to the production history and productivity of such land. (pp. 8594-95) Further consideration of this amendment was postponed until today, May 28, after Rep. Reuss made a point of order on the vote on the amendment on the ground that a quorum was not present. Rep. Reuss expressed his concern regarding this amendment and inserted correspondence between himself and Rep. Whitten discussing the effects of the amendment. (p. 8631)

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trade fair participation, etc., and to permit Sec. 416 donations to summer camps without respect to the number of needy children therein; to Senate Agriculture and Forestry Committee and House Agriculture Committee. pp. 9033, 9172

Both Houses received from this Department a report on agreements in April 1958 under Public Law 480; to Senate Agriculture and Forestry Committee and House Agriculture Committee. pp. 9033, 9172

4. FARM PRICES. Sen. Symington discussed the farm-price situation, particularly the 1952 level as compared with the present. p. 9047

ordered

5. COMMERCE APPROPRIATION BILL. The subcommittee/reported this bill, H. R. 12540, to the full Appropriations Committee. p. D497

6. FARM PROGRAM. Sen. Symington inserted a newspaper reader's letter on ways to benefit family farms. pp. 9047-8

RIVER DEVELOPMENT.

7. ELECTRIFICATION. Sen. Neuberger discussed the question as to whether the Republicans of Oregon favor S. 3114, the Columbia River Development Corporation bill. p. 9053

8. FOREST SERVICE. Received from the Comptroller General an audit report on certain activities in Regions 3 and 4. p. 9034

9. SMALL BUSINESS. The Banking and Currency Committee reported with amendment S. 3651, to make equity capital and long-term credit more readily available for small-business concerns (S. Rept. 1652). p. 9035

10. PROPERTY. The Government Operations Committee reported without amendment H. J. Res. 427, to convey the Federal reversionary right to a tract in Kerr County, Tex., which has been made available for 4-H club purposes (S. Rept. 1651). p. 9035

11. BUILDING. The Public Works Committee reported without amendment S. 3560, to authorize construction of a $20,000,000 Federal building in Memphis, Tenn. (S. Rept. 1653). p. 9035

12. LEGISLATIVE PROGRAM. Sen. Johnson listed several bills which are to be considered following the mutual security bill, including S. 921, on witholding of information; H. R. 7953, to facilitate Forest Service work; and H. R. 5497, to amend the Watershed Act regarding fish and wildlife. He expressed the hope that Congress will adjourn "sometime during the month of August." p. 9033

HOUSE

13. AGRICULTURE Committee ordered reported the following bills:

H. R. 10321, to authorize exchange of lands within the Estes Park Administrative Site, Roosevelt National Forest, for lands of equal value outside the Forest;

H. R. 12161, to permit establishment of town sites of up to 640 acres on national forest or Bankhead-Jones lands;

H. R. 12224 (with amendment), to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment;

S. 2007, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling appeal inspections. p. D498

The Committee also approved two watershed projects: Cance Creek, Ky., and Wild Rice Creek, N. Dak. and S. Dak. p. D498

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 13, 1958
For actions of June 12, 1958
85th-2d, No. 95

CONTENTS

HIGHLIGHTS: House committee reported bill to extend Defense Production Act. House committee ordered reported omnibus transportation bill. Conferees agreed to file report on pay raise bill.

HOUSE

1. DEFENSE PRODUCTION. The Banking and Currency Committee reported without amendment H. R. 10969, to extend the Defense Production Act until June 30, 1960 (H. Rept. 1873). p. 9955

2. PEANUTS. The Agriculture Committee reported with amendments H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment (H. Rept. 1875). p. 9955

3. TRANSPORTATION. The Interstate and Foreign Commerce Committee ordered reported with amendment H. R. 12832, to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system. p. D534

Received several petitions from employees of railroads favoring enactment of this bill, H. R. 12832. p. 9956

4. WEATHER MODIFICATION. The Rules Committee reported a resolution for consideration of S. 86, to provide for a research program in the field of weather modification to be conducted by the National Science Foundation. pp. 9949, 9955

5. BUILDINGS. The Public Works Committee reported without amendment S. 2108, to authorize GSA to name, rename, or otherwise designate any building under its custody (H. Rept. 1871). p. 9955

6. SURPLUS PROPERTY. The Government Operations Committee ordered reported with amendment S. 2752, to modify the procedures for submitting proposed surplus property disposals to the Attorney General. p. D534

7. SURPLUS FOOD. The "Daily Digest" states that the Consumer Study Subcommittee of the Agriculture Committee "voted to recommend to the full committee a proposed amendment for a food stamp plan for inclusion in the omnibus farm bill." p. D533

8. INFORMATION; CIVIL DEFENSE. The "Daily Digest" states that the Government Operations Committee "approved the following reports entitled, respectively, 'Availability of Information From Federal Departments and Agencies (Department of Defense)' and 'Analysis of Civil Defense Reorganization (Reorganization Plan No. 1, 1958).'" p. D534

9. PAY RAISE. Conferees agreed to file a conference report on S. 734, the pay raise bill for classified employees. The "Daily Digest" states that "major agreements of the conferees were: (1) on House provisions relating to upgrading of scientists and engineers under section 803 of the Classification Act, (2) for a total of 292 supergrade positions (Senate bill contained 568 such positions), (3) for a total of 307 additional professional and scientific positions (Senate bill contained 555 such positions), and (4) on Senate language relative to the hiring of college graduates at grade 7 instead of at grade 5." p. D535

10. CIVIL SERVICE. The Government Operations Committee submitted the 26th report of the Committee on civil service reorganization (H. Rept. 1874). p. 9955

11. APPROPRIATIONS. Conferees were appointed on H. R. 12540, the Commerce and related agencies appropriation bill for 1959. Senate conferees were appointed June 10. p. 9913

12. LEGISLATIVE PROGRAM. Rep. McCormack announced the following program: Mon, June 16: Consent Calendar; S. 734, the pay raise bill; H. R. 10969, to extend Defense Production Act; S. 3093, to extend Export Control Act; S. 846, to establish National Outdoor Recreation Resources Review Commission; and H. R. 12226, salt water distillation facilities for Virgin Islands. Tues: Private Calendar and H. R. 4504, agricultural marketing facilities perishable products bill. Wed., Thurs., and Fri: H. R. 12858, public works appropriation bill, and S. 83, cloud modification research bill. pp. 9948-49

13. COST-TYPE BUDGET. In reporting H. R. 12858, the public works appropriation bill (see Digest 92), the Appropriations Committee included the following statement in its report:

"The budgets of the Bureau of Reclamation and the Corps of Engineers as presented to the Congress contained extraneous matter related to cost-type budgeting. In order that the Committee and the witnesses could have before them an understandable set of figures in connection with consideration of the bill, it was necessary to delete where possible the cost-type schedules and data in preparation of the Committee Print. As stated in last year's report the cost-type budget is clearly of no value to the Committee in its review process and certainly no assistance in curtailing

85TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 1875

PEANUT ACREAGE ALLOTMENTS

JUNE 12, 1958.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed.

Mr. COOLEY, from the Committee on Agriculture, submitted the following

REPORT

[To accompany H. R. 12224]

The Committee on Agriculture, to whom was referred the bill (H. R. 12224) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 1, line 6, strike out "1957" and insert "1959".

Page 2, line 6, after the word "apply" insert ", beginning with the 1959 crop,".

STATEMENT

The purpose of this bill is to make two relatively minor adjustments in the law relating to the allotment of peanut acreage. Section 1 provides that production of peanuts on a farm which has no peanut acreage allotment will not make the farm eligible in subsequent years for an allotment as a farm with a history of peanut production.

Section 2 amends the provision in the law permitting any farmer to produce up to 1 acre of peanuts without coming under the marketing quota provisions. The law is amended to provide that a producer may have an interest in only one such 1-acre exemption.

At hearings held by the committee, producers appeared to be strongly in favor of these amendments and the committee knows of no opposition to them.

COMMITTEE AMENDMENTS

The committee amendments will make the provisions of the bill effective with the 1959 crop instead of with the 1957 and 1958 crops, as provided in the original language of sections 1 and 2, respectively

DEPARTMENTAL APPROVAL

Witnesses for the Department of Agriculture appeared in favor of the legislation at hearings conducted by the committee and, subsequently, the Department's favorable position was formalized by the following report on the bill:

JUNE 11, 1958.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H. R. 12224, a bill, to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

The Department recommends that the bill be passed.

The first section of the bill provides (1) that the production of peanuts on a farm in 1957 or any subsequent year for which no farm allotment was established would not make the farm eligible for an allotment as an old farm under provisions of existing legislation, (2) the production of peanuts without an allotment would not cause the farm to be incligible for a new farm allotment, and (3) the production of peanuts without an allotment would not be deemed as past experience in the production of peanuts for any producer on the farm.

Under provisions of existing legislation the production of peanuts on a farm for which an allotment has not been established makes the farm cligible for an allotment as an old farm in the following year. Thus the allotments for farms on which peanuts have been grown for a number of years are subject to continued reduction to provide acreage for farms which become eligible for allotments by reason of producing peanuts without an allotment.

Section 2 of H. R. 12224 proposes a complete revision of section 359 (b) of the act. This is the section which has provided the so-called 1-acre exemption from the provisions of allotments and marketing quotas. Under this section 1 acre or less of peanuts may be produced and marketed without an allotment and without incurring marketing quota penalties. The revision of this section would provide that the 1-acre exemption would apply only to those farms on which the producers interested in peanuts do not share in peanuts produced on any other farm. Enactment of this revised section would prevent farm operators from leasing numerous small tracts for the purpose of producing 1 acre or less of peanuts on each tract. It would also prevent a farm operator from utilizing his full allotment for commercial purposes and producing peanuts on another farm under the 1-year exemption to be used for seed purposes the next year.

Since peanuts have already been planted for harvest for the 1958 crop we recommend that the provisions of H. R. 12224 be made applicable in connection with the 1959 and subsequent crops of peanuts.

Enactment of this legislation will not involve the expenditure of additional funds.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938, AS AMENDED

MARKETING QUOTAS

SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided,* That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than that established for the crop produced in the calendar year 1941.

(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

(c) (1) The national acreage allotment for 1951, less the acreage to be allotted to new farms under subsection (f) of this section, shall

be apportioned among the States on the basis of the larger of the following for each State: (a) The acreage allotted to the State as its share of the 1950 national acreage allotment of two million one hundred thousand acres, or (b) the State's share of two million one hundred thousand acres apportioned to States on the basis of the average acreage, harvested for nuts in each State in the five years 1945–49: *Provided*, That any allotment so determined for any State which is less than the 1951 State allotment announced by the Secretary prior to the enactment of this Act shall be increased to such announced allotment and the acreage required for such increases shall be in addition to the 1951 national acreage allotment and shall be considered in determining State acreage allotments in future years. For any year subsequent to 1951, the national acreage allotment for that year, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made.

(2) Notwithstanding any other provision of law, if the Secretary of Agriculture determines, on the basis of the average yield per acre of peanuts by types during the preceding five years, adjusted for trends in yields and abnormal conditions of production affecting yields in such five years, that the supply of any type or types of peanuts for any marketing year, beginning with the 1951–52 marketing year, will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned or controlled by it, the State allotments for those States producing such type or types of peanuts shall be increased to the extent determined by the Secretary to be required to meet such demand but the allotment for any State may not be increased under this provision above the 1947 harvested acreage of peanuts for such State. The total increase so determined shall be apportioned among such States for distribution among farms producing peanuts of such type or types on the basis of the average acreage of peanuts of such type or types in the three years immediately preceding the year for which the allotments are being determined. The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. The State acreage allotment for 1952 and any subsequent year shall be apportioned among farms on which peanuts were produced in any one of the 3 calendar years immediately preceding the year for which such apportionment is made, on the basis of the following: Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be

considered in the establishment of the allotment for the farm in succeeding years. The amount of the marketing quota for each farm shall be the actual production of the farm acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

(e) Notwithstanding the foregoing provisions of this section, the Secretary may, if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the provisions of the Act, provide for the apportionment of the State acreage allotment for 1952 and any subsequent year among the counties in the State on the basis of the past acreage of peanuts harvested for nuts (excluding acreage in excess of farm allotments) in the county during the five years immediately preceding the year in which such apportionment is made, with such adjustments as are deemed necessary for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of subsection (c). The county acreage allotment shall be apportioned among farms on the basis of the factors set forth in subsection (d) of this section.

(f) Not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts are to be produced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.

(g) Any part of the acreage allotted to individual farms under the provisions of this section on which peanuts will not be produced and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments, in amounts determined by the county committee to be fair and reasonable on the basis of land, labor, and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts. Any transfer of allotments under this provision shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except as the farm becomes ineligible for an allotment by failure to produce peanuts during a three-year period, and any such transfer shall not operate to increase the allotment for any subsequent year for the farm to which the acreage is transferred: *Provided*, That, notwithstanding any other provisions of this Act, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein.

(h) Notwithstanding any other provision of this section, the allotment determined or which would have been determined for any land which is removed from agricultural production in 1950 or any subsequent year for any purpose because of acquisition by any Federal, State, or other agency having a right of eminent domain shall be placed in a pool and shall be available for use in providing equitable allotments for farms owned or acquired by owners displaced because of acquisition of their farms by such agencies. Upon application to the county committee, within five years from the date of such acquisi-

tion of the farm, any owner so displaced shall be entitled to have an allotment for any other farm owned or acquired by him equal to an allotment which would have been determined for such other farm plus the allotment which would have been determined for the farm so acquired: *Provided,* That such allotment shall not exceed 50 per centum of the acreage of cropland on the farm.

The provisions of this section shall not be applicable if (a) there is any marketing quota penalty due with respect to the marketing of peanuts from the farm acquired by the Federal, State, or other agency or by the owner of the farm; (b) any peanuts produced on such farm have not been accounted for as required by the Secretary; or (c) the allotment next established for the farm acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of peanuts produced on or marketed from such farm.

(i) The production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: Provided, however, That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm.

MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to 75 per centum of the support price for peanuts for the marketing year (August 1–July 31.) Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing

year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percent age which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. Notwithstanding any other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.

(b) [The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.] *The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by seciton 359 (a) shall apply.*

(c) The word "peanuts" for the purposes of this Act shall mean all peanuts produced, excluding any peanuts which it is established by the producer or otherwise, in accordance with regulations of the Secretary, were not picked or threshed either before or after marketing from the farm.

(d) The person liable for payment or collection of the penalty provided by this section shall be liable also for interest thereon at the rate of 6 per centum per annum from the date of the penalty becomes due until the date of payment of such penalty.

(e) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to marketing quotas in which the person liable for payment of the penalty has an interest shall be in effect in favor of the United States.

○

Union Calendar No. 742

85TH CONGRESS
2D SESSION

H. R. 12224

[Report No. 1875]

IN THE HOUSE OF REPRESENTATIVES

APRIL 29, 1958

Mr. MATTHEWS introduced the following bill; which was referred to the Committee on Agriculture

JUNE 12, 1958

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in ~~1957~~ *1959* or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such produc-

tion the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended, to read as follows:

"The provisions of this part shall not apply, *beginning with the 1959 crop,* to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm (s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued July 8, 1958
For actions of July 7, 1958
85th-2d, No. 112

CONTENTS

HIGHLIGHTS: House passed bill to establish townsites from forest lands.

HOUSE

1. FORESTRY. Passed without amendment H. R. 12161, to provide for the establishment of townsites from national forest lands. p. 11863
   Passed without amendment H. R. 6038, to authorize transfers of land between the Sequoia National Forest and the Kings Canyon National Park, Calif. p. 11861

2. PEANUTS. Passed as reported H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment. p. 11851

3. CHEMICAL ADDITIVES. The Interstate and Foreign Commerce Committee reported without amendment H. R. 9521, to amend the Federal Food, Drug, and Cosmetic Act so as to revise the definition of the term "chemical additive" to provide that it shall not include any pesticide chemicals when used in or on any raw agricultural commodity which is produced from the soil (H. Rept. 2119). p. 11890

4. PERSONNEL. Passed without amendment S. 1901, to grant overtime pay for irregular and unscheduled hours of work beyond regular tours of duty (for fire fighters etc.). This bill will now be sent to the President. p. 11850

5. BUILDINGS. Passed without amendment S. 2108, to authorize GSA to name, rename, or otherwise designate any building under its custody. This bill will now be sent to the President. pp. 11850-51

6. MINERAL LEASES. Passed as reported S. 2069, to amend the Mineral Leasing Act so as to increase the aggregate acreage of coal leases which may be held by one person in any one State. pp. 11851-52

7. SURPLUS PROPERTY. Passed as reported S. 2752, to modify the procedures for submitting proposed surplus property disposals to the Attorney General. p. 11852

8. SMALL BUSINESS. Rep. Patman urged the enactment of legislation for the aid of small businesses. pp. 11888-89

9. FOREIGN AID. Received from the Deputy Managing Director, Development Loan Fund, a letter relative to the establishment of a loan of not to exceed $40 million to the Plan Organization of Iran. p. 11890

SENATE

10. BUDGETING. Sen. Proxmire submitted, as an amendment to H. R. 8002 (the accrued-expenditures budgeting bill), the language of S. 434 (the Senate bill on the same subject) and inserted telegrams from members of the Hoover Commission on Reorganization urging the passage of the bill. p. 11822

11. MINERALS. Passed with amendments S. 3817, to authorize loans for development of mineral resources in the U. S. pp. 11838-43
Sen. Carroll was added as cosponsor to S. 4036, to provide price stabilization payments to mineral producers. p. 11823

12. CIVIL DEFENSE; DEFENSE PRODUCTION. S. Res. 297, to disapprove Reorganization Plan No. 1 of 1958 (to combine ODM and FCDA) was indefinitely postponed. p. 11823

13. IMPORTS. Senate conferees were appointed on H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Antidumping Act, House conferees have been appointed. p. 11831

14. MONOPOLIES. The Judiciary Committee reported with amendment S. 721, to expedite the enforcement of Clayton Act cease and desist orders (S. Rept. 1808). p. 11821

15. STATEHOOD. Sen. Proxmire inserted a TV interview of Sen. Church in which he discussed Alaskan statehood. pp. 11828-31

16. RECLAMATION. Received from the Interior Department reports on the proposed Molokai project, Hawaii, and the Norman project, Okla. p. 11820

17. LANDS. Received from the Interior Department a proposed bill to direct the Secretary of the Interior to administer certain acquired lands as revested Ore. and Calif. railroad grant lands; to the Interior and Insular Affairs Committee. p. 11820

18. FARM PROGRAM. Received from the La. Legislature a resolution commending Sen. Ellender for his services on behalf of international relations, world peace, flood-control work, and agriculture. p. 11820

custody and control of the General Services Administration.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 410 of the Public Buildings Act of 1949, as amended (40 U. S. C. 298d), is hereby amended to read as follows:

"SEC. 410. The Administrator of General Services is authorized, notwithstanding any other provision of law, to name, rename, or otherwise designate any building under the custody and control of the General Services Administration, regardless of whether it was previously named by statute."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDING ACT EXTENDING AUTHORIZED TAKING AREA FOR PUBLIC BUILDING CONSTRUCTION

The Clerk called the bill (S. 2109) to amend an act extending the authorized taking area for public building construction under the Public Buildings Act of 1926, as amended, to exclude therefrom the area within E and F Streets and 19th Street and Virginia Avenue NW., in the District of Columbia.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the act of March 31, 1938 (ch. 58 (52 Stat. 149)), is amended by deleting, following the term "squares", the numbers "122, 104, 81, 58."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PEANUT ACREAGE ALLOTMENTS

The Clerk called the bill (H. R. 12224) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1957 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended, to read as follows:

"The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) ,the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

With the following committee amendments:

Page 1, line 6, strike out "1957" and insert "1959."

Page 2, line 6, after the word "apply" insert ", beginning with the 1959 crop."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HOWARD A. HANSON DAM

The Clerk called the bill (H. R. 855) to designate the dam being constructed in connection with the Eagle Gorge Reservoir project on the Green River, Wash., as the "Howard A. Hanson Dam."

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the dam to be constructed in connection with the project for the Eagle Gorge Reservoir, on the Green River, Wash., authorized by the Flood Control Act of 1950 (64 Stat. 180; Public Law 516, 81st Cong.) shall be known and designated hereafter as the "Howard A. Hanson Dam." Any law, regulation, map, document, record, or other paper of the United States in which such dam is referred to shall be held to refer to such dams as the "Howard A. Hanson Dam."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PLACE OF PROSECUTION OF CERTAIN INCOME-TAX OFFENSES

The Clerk called the bill (H. R. 8252) to amend section 3237 of title 18 of the United States Code to define the place at which certain offenses against the income tax laws take place.

There being no objection the Clerk read the bill, as follows:

Be it enacted, etc., That section 3237 of title 18 of the United States Code is amended by inserting "(a)" immediately before "Except" and by adding at the end thereof the following:

"(b) Notwithstanding subsection (a), where an offense involves use of the mails and is an offense described in section 7201 or 7206 (1), (2), or (5) of the Internal Revenue Code of 1954 (whether or not the offense is also described in another provision of law), the offense may be prosecuted (1) only in the district in which the defendant was residing at the time the offense was committed if such mail matter has moved through that district, or (2) as provided in subsection (a) in all other cases."

With the following committee amendment:

Strike out all after the enacting clause and substitute in lieu thereof the following:

"That section 3237 of title 18 of the United States Code is amended by inserting '(a)' immediately before 'Except', and by adding at the end thereof the following:

"(b) Notwithstanding subsection (a), where an offense involves use of the mails and is an offense described in section 7201 or 7206 (1), (2), or (5) of the Internal Revenue Code of 1954 (whether or not the offense is also described in another provision of law), and prosecution is begun in a judicial district other than the judicial district in which the defendant resides, he may upon motion filed in the district in which the prosecution is begun, elect to be tried in the district in which he was residing at the time the alleged offense was committed, provided, that the motion is filed within 20 days after arraignment of the defendant upon indictment or information."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

DEVELOPMENT OF COAL ON PUBLIC DOMAIN

The Clerk called the bill (S. 2069) to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of coal on the public domain.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 27 of the act of February 25, 1920, as amended (41 Stat. 448, 30 U. S. C. 184), is further amended by deleting from the first sentence thereof the words "coal or" and "for each of said minerals", and by inserting at the beginning of said section the following:

"No person, association, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease in any one State, exceeding in the aggregate acreage 10,240 acres, except that the Secretary of the Interior, where he finds, after public hearing, that it is in the public interest and necessary for a person, association, or corporation in order to carry on business economically, may, under such regulations as he may prescribe, permit such person, association, or corporation to hold additional coal leases or permits in multiples of 40 acres each not to exceed a total of 5,120 acres in such State."

SEC. 2. Subsection (c) of section 2 of such act of February 25, 1920, as amended (30 U. S. C. 202), is repealed.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That section 27 of the act of February 25, 1920, as amended (41 Stat. 448, 30 U. S. C. 184), is further amended by deleting from the first sentence thereof the words 'coal or' and 'for each of said minerals', and by inserting at the beginning of said section the following:

" 'No person, association, or corporation, except as herein provided, shall take or hold coal leases or permits during the life of such lease in any one State, exceeding in the aggregate acreage 10,240 acres: *Provided,* That a person, association, or corporation may file an application for coal leases or permits for acreage in addition to said 10,240 acres, which application or applications shall be in multiples of 40 acres each, not to exceed a total of 5,120 additional acres in such State, and shall contain a statement that the granting of a lease for such additional lands is necessary for the person, association, or corporation to carry on business economically and is in the public interest. On the filing of said application, the coal deposits in such lands covered thereby shall be temporarily set aside and withdrawn from all forms of disposal under this act. The Sec-

retary of the Interior shall conduct public hearings on said application or applications for additional acreage. After such public hearings, the Secretary may, under such regulations as he may prescribe, to such extent as he finds necessary for the applicant in order to carry on business economically and is in the public interest, set aside for a period not to exceed 50 years and withdraw for such period of time the coal deposits in such land from all forms of disposal under this act. When it is further shown to the satisfaction of the Secretary that the applicant has an immediate requirement for said acreage so set aside and withdrawn and is prepared without unreasonable delay to commence operation of any of said lands, then the Secretary may, under such regulations as he may prescribe, issue permits or leases to the applicant for such lands which are so required and will be so developed without delay. The Secretary of the Interior may reevaluate all or any part of any withdrawal so made if he finds that such is in the public interest or that the coal deposits in such withdrawn lands are no longer necessary for the applicant to carry on business economically.'"

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend section 27 of the act entitled 'An act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain' to increase the aggregate acreage of coal leases which may be held by one person in any one State."

A motion to reconsider was laid on the table.

SURPLUS PROPERTY DISPOSALS

The Clerk called the bill (S. 2752) to amend section 207 of the Federal Property and Administrative Services Act of 1949 so as to modify and improve the procedure for submission to the Attorney General of certain proposed surplus property disposals for his advice as to whether such disposals would be inconsistent with the antitrust laws.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 207 of the Federal Property and Administrative Services Act of 1949 is amended to read as follows:

"APPLICABILITY OF ANTITRUST LAWS

"SEC. 207. (a) Except as provided by subsection (c), no executive agency shall dispose of any plant, plants, or other property to any private interest until such agency has received the advice of the Attorney General on the question whether such disposal would tend to create or maintain a situation inconsistent with the antitrust laws. Whenever any such disposal is contemplated by any executive agency, such agency shall transmit promptly to the Attorney General notice of such proposed disposal and the probable terms or conditions thereof. If such notice is given by any executive agency other than the General Services Administration, a copy of such notice shall be transmitted simultaneously to the Administrator. Within a reasonable time, in no event to exceed 60 days, after receipt of such notification, the Attorney General shall advise the Administrator and any other interested executive agency whether, so far as he can determine, the proposed disposition would tend to create or maintain a situation inconsistent with the antitrust laws.

"(b) Upon request made by the Attorney General, the Administrator or any other executive agency shall furnish or cause to be furnished to the Attorney General such information as the Administrator or such other executive agency may possess which the Attorney General determines to be appropriate or necessary to enable him to give the advice required by this section, or to determine whether any other disposition or proposed disposition of surplus property violates or would violate any of the antitrust laws.

"(c) This section shall not apply to the disposal of—

"(1) any property (other than a patent, process, technique, or invention) if the aggregate amount of the original acquisition cost of such property to the Government and all capital expenditures made by the Government with respect thereto is less than $3 million; or

"(2) any personal property, without regard to cost, which is determined by the executive agency concerned to have value only as scrap or salvage.

"(d) Nothing contained in this act shall impair, amend, or modify any of the antitrust laws or limit or prevent the application of any such law to any person who acquires in any manner any property under the provisions of this act.

"(e) As used in this section—

"(1) the term 'antitrust laws' includes the act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act (38 Stat. 717), as amended; and sections 73 and 74 of the act of August 27, 1894 (28 Stat. 570), as amended;

"(2) the term 'scrap' means any material that has no value except for its basic material content; and

"(3) the term 'salvage' means any personal property that has some value in excess of its basic material content, but which is in such condition that there is no reasonable prospect of its use by the Government for any purpose as a unit and its repair or rehabilitation for use by the Government as a unit is clearly impracticable."

With the following committee amendments:

Page 3, line 2, strike out the word "any" and insert in lieu thereof the word "real."

Page 3, beginning on line 2, strike out the parenthetical phrase "(other than a patent, process, technique, or invention)."

Page 3, line 7, strike out the figures "$3,000,000" and insert in lieu thereof "$1,000,000."

Page 3, strike out lines 8, 9, and 10, and insert in lieu thereof the following:

"(2) personal property (other than a patent, process, technique, or invention) with an acquisition cost of less than $3,000,000."

Page 3, line 15, at the end of the sentence add the following new sentence:

"As used in this section the term 'antitrust laws' includes the act of July 2, 1890 (ch. 647, 26 Stat. 209), as amended; the act of October 15, 1914 (ch. 323, 38 Stat. 730), as amended; the Federal Trade Commission Act (38 Stat. 717), as amended; and sections 73 and 74 of the act of August 27, 1894 (28 Stat. 570), as amended."

Page 3, strike out line 16, and all that follows down through line 6 on page 4.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNUAL LIMITATION ON INDEBTEDNESS, HAWAII

The Clerk called the bill (H. R. 11954) relating to general obligation bonds of the Territory of Hawaii, to amend Public Law 720 of the 84th Congress (70 Stat. 552, ch. 606); to amend Public Laws 640 and 643 of the 83d Congress (68 Stat. 782, ch. 889, and 68 Stat. 785, ch. 892); and to amend the Hawaiian Organic Act to delete the annual limitation on indebtedness that may be incurred by the Territory of Hawaii.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 1 of Public Law 720 of the 84th Congress (70 Stat. 552, ch. 606) is hereby amended to read as follows: "That Public Law 640 of the 83d Congress, approved August 24, 1954 (68 Stat. 782, ch. 889), is hereby amended by deleting the proviso from the first sentence thereof and inserting in lieu thereof the following: '*Provided, however,* That the total indebtedness of such Territory shall not exceed $95 million or the amount of total indebtedness authorized by the Hawaiian Organic Act, whichever is the higher: *And provided further,* That in applying the Territory's debt limitation, whether prescribed by specific act of Congress or by the Hawaiian Organic Act, the computation of the amount to which the total indebtedness of the Territory may be extended at any time shall include all general obligation bonds, but shall not include the general obligation bonds to be issued pursuant to this act.'"

SEC. 2. Section 2 of Public Law 720 of the 84th Congress (70 Stat. 552, ch. 606) is hereby amended to read as follows:

"SEC. 2. Section 2 of Public Law 643 of the 83d Congress, approved August 24, 1954 (68 Stat. 785, ch. 892), is hereby amended to read as follows:

" 'SEC. 2. During the years 1954 to 1959, inclusive, the Territory of Hawaii is authorized to issue, any provision of the Hawaiian Organic Act or any other act of Congress to the contrary notwithstanding, public improvement bonds in such amounts as will not cause the total indebtedness of such Territory to exceed $95 million or the amount of total indebtedness authorized by the Hawaiian Organic Act, whichever is the higher.

"In appiying the Territory's debt limitation, whether prescribed by this or other specific act of Congress or by the Hawaiian Organic Act, the computation of the amount to which the total indebtedness of the Territory may be extended at any time shall include all general obligation bonds, whether for public improvements or for other purposes for which general obligation bonds are or may be authorized to be issued by Congress, but shall not include any bonds issued pursuant to Public Law 640 of the 83d Congress, approved August 24, 1954 (68 Stat. 782, ch. 889).'"

SEC. 3. Any provision of the Hawaiian Organic Act or any other act of Congress to the contrary notwithstanding, the Territory of Hawaii may issue any amount of general obligation bonds in any one year: *Provided,* That the total indebtedness of the Territory shall not exceed $95 million or the amount of total indebtedness authorized by the Hawaiian Organic Act, whichever is higher, at any given time.

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following language:

"That section 1 of Public Law 640 of the 83d Congress (68 Stat. 782), as amended by

H. R. 12224

AN ACT

85TH CONGRESS
2D SESSION

H. R. 12224

IN THE SENATE OF THE UNITED STATES

JULY 8 (legislative day, JULY 7), 1958

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1959 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new

farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended, to read as follows:

"The provisions of this part shall not apply, beginning with the 1959 crop, to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm (s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

Passed the House of Representatives July 7, 1958.

Attest: RALPH R. ROBERTS,

Clerk.

85TH CONGRESS
2D SESSION

H. R. 12224

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

JULY 8 (legislative day, JULY 7), 1958
Read twice and referred to the Committee on Agriculture and Forestry

11. APPROPRIATIONS. Received the conference report on H. R. 12948, the D. C. appropriation bill for 1959 (H. Rept. 2325). pp. 14321-22

12. SMALL BUSINESS. Conferees were appointed on S. 3651, to make equity capital and long-term credit more readily available to small business. Senate conferees have not been appointed. p. 14326

13. AREA REDEVELOPMENT. Rep. Siler urged enactment of S. 3683, to provide Federal aid to economically depressed areas. pp. 14326-27

SENATE

14. APPROPRIATIONS. Agreed to the conference report on H. R. 11574, the independent offices appropriation bill for 1959, agreed to certain House amendments, and voted, 44 to 39, to recede from an item in disagreement to include $589 million for the Civil Service Retirement and Disability Fund. Sen. Sparkman spoke against the elimination of $100,000 for HHFA farm housing research, and Sens. Saltonstall and Magnuson stated they would consider the matter next Jan. in the supplemental or regular independent offices appropriation bill (pp. 14246-7). This bill will now be sent to the President. pp. 14243-56

Passed, 71 to 0, with amendment H. R. 12738, the Defense Department Appropriation bill for 1959, and conferees were appointed (pp. 14258-9, 14261-87). Agreed to an amendment, applying generally to Government departments and agencies, to require reports to Congress in writing, following the close of each calendar quarter, of the amount of each budgetary reserve in effect at the end of such quarter and the purpose for which each such reserve was established. This was a modification, proposed by Sen. Hayden, of a committee amendment that had been reported on this subject (pp. 14264-5).

Passed without amendment H. J. Res. 672, to make temporary appropriations until Aug. 31, 1958, to various agencies until their regular 1959 appropriation bills are enacted. This measure will now be sent to the President. p. 14191

15. TRANSPORTATION. Both Houses agreed to the conference report on S. 3778, to strengthen the national transportation system. This bill will now be sent to the President. pp. 14205-8, 14326

16. AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills:

Without amendment:

H. R. 6542, to authorize the conveyance of certain forest lands to Dayton, Wyo.;

H. R. 11800, to authorize the Secretary to sell a tract of land and buildings thereon under the jurisdiction of ARS to Clifton, N. J.;

S. 3333, to improve the insured loan program of FHA;

H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment;

H. R. 12840, to provide a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum;

S. 4151, to establish uniform provisions for the transfer of acreage allotments when the landowner is displaced by an agency having the right of eminent domain;

S. 3858, to authorize CCC to purchase flour and cornmeal for donation instead of having such products processed from its own stocks; and

H. Con. Res. 295, endorsing plans of a non-government group to establish a Hall of Fame for Agriculture.

With amendment:
S. 2142, to amend the Agricultural Marketing Agreement Act so as to extend restrictions on certain citrus fruits;
S. Res. 344, to authorize the committee to study marketing practices relating to loose and tied tobacco; and
H. R. 12126, to extend to wild animals the same prohibition against entry into the U. S. as domestic animals from any country where rinderpest or foot-and-mouth disease exists;
An original bill to extend the Mexican farm labor program for one year. p. D758

17. WATERSHED PROJECTS. The Agriculture and Forestry Committee approved the following watershed projects: Adobe Creek, Buena Vista Creek, and Central Sonoma, Calif.; Upper Nanticoke River, Del.; Donaldson Creek, Ky.; Mud Creek, Nebr.; Peavine Mountain, Nev.; Indian Creek, Tenn. and Miss.; and Cook Creek, Wis. pp. D758-9

18. FORESTRY. Conferees were appointed on S. 3051, to provide for either private or Federal acquisition of that part of the Klamath Indian forest lands which must be sold. House conferees have not been appointed. pp. 14257-8

19. RESEARCH. The Government Operations Committee reported with amendments S. 4039, to authorize the head of any Government agency now making contracts for research to grant funds for the support of such research (S. Rept. 2044). p. 14186

20. PERSONNEL. The Post Office and Civil Service Committee reported with amendment H. R. 7710, to provide for the lump-sum payment of all accumulated and accrued annual leave of deceased employees (S. Rept. 2055). p. 14186

21. FISHERIES; EXTENSION. The Interstate and Foreign Commerce Committee reported with amendments S. 2973, to establish a fishery extension service in the Fish and Wildlife Service to carry out cooperative fishery extension work with the States (S. Rept. 2063). p. 14186

22. MINERALS. The Interior and Insular Affairs Committee reported with amendment S. 4146, to provide for incentive payments to minerals producers (S. Rept. 2057). p. 14186

23. FARM INCOME. Sen. Hruska discussed the July release of USDA "Farm Income Situation," showing the increase in farm income, and inserted 14 statements based on USDA statistics showing the upward trend in farm income and living standards. pp. 14199-200

24. ELECTRIFICATION. Sen. Neuberger criticized the alleged bias of Douglas McKay as Chairman of the International Joint Commission studying the position of the Federal government as to joint actions with Canada in developing the Columbia River Basin, asserted that his opposition to Federal power developments made him unsuitable for formulating the Federal position in this area, and inserted an editorial on the matter. pp. 14204-5

25. HUMANE SLAUGHTER. Sen. Allott stated that the humane slaughter bill, because of the discretion granted the Secretary for formulating regulations, was "one of the best, prime example of what legislation should not be." pp. 14190-1

32. PEANUTS. The Agriculture and Forestry Committee reported without amendment H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment (S. Rept. 2161). p. 14546

33. LIVESTOCK DISEASES. The Agriculture and Forestry Committee reported with amendments H. R. 12126, to extend to wild animals the same prohibition against entry into the U. S. as domestic animals from any country where rinderpest or foot-and-mouth disease exists (S. Rept. 2186). p. 14546

34. TRAVEL EXPENSES. The Government Operations Committee reported with amendments H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage (S. Rept. 2185). p. 14546

35. IMPORTS. Agreed to the conference report on H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Anti-dumping Act. p. 14645

36. FOREIGN TRADE. Received from the State Department a report, "Statistical Review of East-West Trade 1956-57," for the period July 1-Dec. 31, 1957. p. 14544

37. FISCAL POLICY. Sen. Bush predicted that the budget deficit could go as high as a total of $20 billion for fiscal years 1958-59-60 if expenditures were not cut or taxes increased, discussed certain steps he urged to "recapture control of the financial affairs of the United States," and inserted various materials on this subject. pp. 14633-42

38. INFORMATION. Sen. Bible commended the Senate on passage of H. R. 2767, to prevent the use of section 161 of the Revised Statutes as authority for the withholding of information or limiting the availability of records to the public. p. 14548

39. PERSONNEL ETHICS. Sen. Neuberger inserted a column commending Sen. Case's proposed bill to require public accounting for gifts received by Government officials and the placing of all communications on a case pending before a Federal agency on the public record. pp. 14549-50

40. COUNTRY LIFE COMMISSION. Sen. Wiley urged the enactment of the bill to provide for a Country Life Commission, pointed to the problems involved in the changing character of American agriculture with which the Commission might deal, and inserted a favorable resolution from the Wis. Council of Farmer Cooperatives. pp. 14613-14

41. STATEHOOD. Sen. Allott criticized Sen. Humphrey for what he asserted was a partisan assessment of the chief supporters of Alaskan statehood and urged that bipartisan cooperation begin to pass the Hawaiian statehood bill. pp. 14666-7

42. WATERSHEDS. Received from the Budget Bureau plans for works of improvement on Furnace Brook-Middle River, Conn. and Mass.; Busseron watershed, Ind.; and Crooked Creek, Iowa; to the Agriculture and Forestry Committee. p. 14544

43. BORROWING AUTHORITY. Received from the Office of Defense and Civilian Mobilization a report on borrowing authority for the first quarter of 1958. p. 14544

44. LEGISLATIVE PROGRAM. Sen. Johnson announced that the Senate was entering the last days of the session but that he could not predict the time of adjournment, only that "this body will not end its proceedings until it has finished its work." pp. 14543-4

ITEMS IN APPENDIX

45. FAIR TRADE. Rep. Alger stated that the proposed fair-trade bill "would not be fair to anyone--not to the consumer, nor the retailer for whom it is intended to protect," and inserted 2 editorials on this subject. pp. A6942, A6947

46. POSTAL RATES. Rep. McCarthy inserted an article, "Mail Rates Should Be Based on Delivery Cost," and stated that "it points out the real need for a re-examination of the whole mail-rate structure." pp. A6946-7

BILLS INTRODUCED

47. PERSONNEL. H. R. 13653, by Rep. Haley, to terminate the payment of certain additional compensation to civilian officers and employees of the United States stationed outside the continental United States or in Alaska; to Post Office and Civil Service Committee.

48. PROPERTY. H. R. 13657, by Rep. Patterson, to amend the Federal Property and Administrative Services Act of 1949 to permit the donation of surplus property to volunteer fire-fighting organizations; to Government Operations Committee.

BILL APPROVED BY THE PRESIDENT

49. SEEDS. S. 1939, to amend the Federal Seed Act so as to require that seed treated to control diseases should be labeled to show that it has been treated, prohibit false representation with respect to certified seed, permit the sale of vegetable seed mixtures which was previously prohibited, require record keeping with respect to vegetable seed, exempt certain shipments from the detailed labeling requirements, add sugar beets to the kinds of seed subject to the act, and clarify the intent of the present wording with respect to disclaimers or limited warranty statements. With respect to imported seed, requires labeling of vegetable seed as to variety, provides penalties for false labeling, and provides for exemption from the quality requirements of seed imported for experimental or plant breeding purposes and seed of American origin refused admission into a foreign country. Provides for charging importers of seed for the cost of supervision required in connection with importations. Approved August 1, 1958 (Public Law 85-581, 85th Congress).

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COMMITTEE HEARINGS ANNOUNCEMENTS:
Aug. 5: Increase in public debt limit, H. Rules. Extension of Mexican farm labor Program, H. Rules. Mutual security appropriations, S. Appropriations (exec-to mark up). Encourage transfers of employees to international organizations, H. Civil Service.

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Calendar No. 2210

85TH CONGRESS 2d Session } SENATE { REPORT No. 2161

PEANUT ACREAGE ALLOTMENTS

AUGUST 4, 1958.—Ordered to be printed

Mr. TALMADGE, from the Committee on Agriculture and Forestry, submitted the following

REPORT

[To accompany H. R. 12224]

The Committee on Agriculture and Forestry, to whom was referred the bill (H. R. 12224), to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts, having considered the same, report thereon with a recommendation that it do pass without amendment.

The bill makes two minor adjustments in the law relating to peanut acreage allotments, beginning in 1959. Section 1 of the bill provides that production of peanuts on a farm which has no peanut acreage allotment will not make the farm eligible in subsequent years for an allotment as a farm with a history of peanut production.

Under present law any farmer may produce up to 1 acre of peanuts without coming under the marketing quota provisions, and section 2 of the bill provides that a producer may have an interest in only one such 1-acre exemption.

The bill has the approval of the Department of Agriculture, which recommended making the bill applicable to the 1959 and subsequent crops of peanuts. The proposed amendments were adopted by the House.

Enactment of the bill should not result in any increased Government expenditure.

Attached is the report on the bill by the House Committee on Agriculture.

[H. Rept. 1875, 85th Cong., 2d sess.]

The Committee on Agriculture, to whom was referred the bill (H. R. 12224) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments are as follows:

Page 1, line 6, strike out "1957" and insert "1959".

Page 2, line 6, after the word "apply" insert ", beginning with the 1959 crop,".

STATEMENT

The purpose of this bill is to make two relatively minor adjustments in the law relating to the allotment of peanut acreage. Section 1 provides that production of peanuts on a farm which has no peanut acreage allotment will not make the farm eligible in subsequent years for an allotment as a farm with a history of peanut production.

Section 2 amends the provision in the law permitting any farmer to produce up to 1 acre of peanuts without coming under the marketing quota provisions. The law is amended to provide that a producer may have an interest in only one such 1-acre exemption.

At hearings held by the committee, producers appeared to be strongly in favor of these amendments and the committee knows of no opposition to them.

COMMITTEE AMENDMENTS

The committee amendments will make the provisions of the bill effective with the 1959 crop instead of with the 1957 and 1958 crops, as provided in the original language of sections 1 and 2, respectively.

DEPARTMENTAL APPROVAL

Witnesses for the Department of Agriculture appeared in favor of the legislation at hearings conducted by the committee and, subsequently, the Department's favorable position was formalized by the following report on the bill:

JUNE 11, 1958.

Hon. HAROLD D. COOLEY,
Chairman, Committee on Agriculture,
House of Representatives.

DEAR CONGRESSMAN COOLEY: This is in reply to your request for a report on H. R. 12224, a bill, to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

The Department recommends that the bill be passed.

The first section of the bill provides (1) that the production of peanuts on a farm in 1957 or any subsequent year for which no farm allotment was established would not make the farm eligible for an allotment as an old farm under provisions of existing legislation, (2) the production of peanuts without an allotment would not cause the farm to be ineligible for a new farm allotment, and (3) the production of peanuts without an allotment would not be deemed as past experience in the production of peanuts for any producer on the farm.

Under provisions of existing legislation the production of peanuts on a farm for which an allotment has not been

established makes the farm eligible for an allotment as an old farm in the following year. Thus the allotments for farms on which peanuts have been grown for a number of years are subject to continued reduction to provide acreage for farms which become eligible for allotments by reason of producing peanuts without an allotment.

Section 2 of H. R. 12224 proposes a complete revision of section 359 (b) of the act. This is the section which has provided the so-called 1-acre exemption from the provisions of allotments and marketing quotas. Under this section 1 acre or less of peanuts may be produced and marketed without an allotment and without incurring marketing quota penalties. The revision of this section would provide that the 1-acre exemption would apply only to those farms on which the producers interested in peanuts do not share in peanuts produced on any other farm. Enactment of this revised section would prevent farm operators from leasing numerous small tracts for the purpose of producing 1 acre or less of peanuts on each tract. It would also prevent a farm operator from utilizing his full allotment for commercial purposes and producing peanuts on another farm under the 1-year exemption to be used for seed purposes the next year.

Since peanuts have already been planted for harvest for the 1958 crop we recommend that the provisions of H. R. 12224 be made applicable in connection with the 1959 and subsequent crops of peanuts.

Enactment of this legislation will not involve the expenditure of additional funds.

The Bureau of the Budget advises that there is no objection to the submission of this report.

Sincerely yours,

TRUE D. MORSE,
Acting Secretary.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

AGRICULTURAL ADJUSTMENT ACT OF 1938

MARKETING QUOTAS

SEC. 358. (a) Between July 1 and December 1 of each calendar year the Secretary shall proclaim the amount of the national marketing quota for peanuts for the crop produced in the next succeeding calendar year in terms of the total quantity of peanuts which will make available for marketing a supply of peanuts from the crop with respect to which the quota is proclaimed equal to the average quantity of peanuts harvested for nuts during the five years immediately preceding the year in which such quota is proclaimed, adjusted for current trends and prospective demand conditions, and the quota so proclaimed shall be in effect with respect to such crop. The national

marketing quota for peanuts for any year shall be converted to a national acreage allotment by dividing such quota by the normal yield per acre of peanuts for the United States determined by the Secretary on the basis of the average yield per acre of peanuts in the five years preceding the year in which the quota is proclaimed, with such adjustments as may be found necessary to correct for trends in yields and for abnormal conditions of production affecting yields in such five years: *Provided*, That the national marketing quota established for the crop produced in the calendar year 1941 shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than one million six hundred and ten thousand acres, and that the national marketing quota established for any subsequent year shall be a quantity of peanuts sufficient to provide a national acreage allotment of not less than that established for the crop produced in the calendar year 1941.

(b) Not later than December 15 of each calendar year the Secretary shall conduct a referendum of farmers engaged in the production of peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to marketing quotas with respect to the crops of peanuts produced in the three calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of marketing quotas, no referendum shall be held with respect to quotas for the second and third years of the period. The Secretary shall proclaim the results of the referendum within thirty days after the date on which it is held, and, if more than one-third of the farmers voting in the referendum vote against marketing quotas, the Secretary also shall proclaim that marketing quotas willl not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

(c) (1) The national acreage allotment for 1951, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of the larger of the following for each State: (a) The acreage allotted to the State as its share of the 1950 national acreage allotment of two million one hundred thousand acres, or (b) the State's share of two million one hundred thousand acres apportioned to States on the basis of the average acreage, harvested for nuts in each State in the five years 1945–49: *Provided*, That any allotment so determined for any State which is less than the 1951 State allotment announced by the Secretary prior to the enactment of this Act shall be increased to such announced allotment and the acreage required for such increases shall be in addition to the 1951 national acreage allotment and shall be considered in determining State acreage allotments in future years. For any year subsequent to 1951, the national acreage allotment for that year, less the acreage to be allotted to new farms under subsection (f) of this section, shall be apportioned among the States on the basis of their share of the national acreage allotment for the most recent year in which such apportionment was made.

(2) Notwithstanding any other provision of law, if the Secretary of Agriculture determines, on the basis of the average yield per acre of peanuts by types during the preceding five years, adjusted for trends in yields and abnormal conditions of production affecting yields

in such five years, that the supply of any type or types of peanuts for any marketing year, beginning with the 1951–52 marketing year, will be insufficient to meet the estimated demand for cleaning and shelling purposes at prices at which the Commodity Credit Corporation may sell for such purposes peanuts owned or controlled by it, the State allotments for those States producing such type or types of peanuts shall be increased to the extent determined by the Secretary to be required to meet such demand but the allotment for any State may not be increased under this provision above the 1947 harvested acreage of peanuts for such State. The total increase so determined shall be apportioned among such States for distribution among farms producing peanuts of such type or types on the basis of the average acreage of peanuts of such type or types in the three years immediately preceding the year for which the allotments are being determined. The additional acreage so required shall be in addition to the national acreage allotment, the production from such acreage shall be in addition to the national marketing quota, and the increase in acreage allotted under this provision shall not be considered in establishing future State, county, or farm acreage allotments.

(d) The Secretary shall provide for apportionment of the State acreage allotment for any State through local committees among farms on which peanuts were grown in any of the three years immediately preceding the year for which such allotment is determined. The State acreage allotment for 1952 and any subsequent year shall be apportioned among farms on which peanuts were produced in any one of the 3 calendar years immediately preceding the year for which such apportionment is made, on the basis of the following: Past acreage of peanuts, taking into consideration the acreage allotments previously established for the farm; abnormal conditions affecting acreage; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts. Any acreage of peanuts harvested in excess of the allotted acreage for any farm for any year shall not be considered in the establishment of the allotment for the farm in succeeding years. The amount of the marketing quota for each farm shall be the actual production of the farm acreage allotment, and no peanuts shall be marketed under the quota for any farm other than peanuts actually produced on the farm.

(e) Notwithstanding the foregoing provisions of this section, the Secretary may, if the State committee recommends such action and the Secretary determines that such action will facilitate the effective administration of the provisions of the Act, provide for the apportionment of the State acreage allotment for 1952 and any subsequent year among the counties in the State on the basis of the past acreage of peanuts harvested for nuts (excluding acreage in excess of farm allotments) in the county during the five years immediately preceding the year in which such apportionment is made, with such adjustments as are deemed necessary for abnormal conditions affecting acreage, for trends in acreage, and for additional allotments for types of peanuts in short supply under the provisions of subsection (c). The county acreage allotments shall be apportioned among farms on the basis of the factors set forth in subsection (d) of this section.

(f) Not more than one per centum of the national acreage allotment shall be apportioned among farms on which peanuts are to be pro-

duced during the calendar year for which the allotment is made but on which peanuts were not produced during any one of the past three years, on the basis of the following: Past peanut-producing experience by the producers; land, labor, and equipment available for the production of peanuts; crop-rotation practices; and soil and other physical factors affecting the production of peanuts.

(g) Any part of the acreage allotted to individual farms under the provisions of this section on which peanuts will not be produced and which is voluntarily surrendered to the county committee shall be deducted from the allotments to such farms and may be reapportioned by the county committee to other farms in the same county receiving allotments, in amounts determined by the county committee to be fair and reasonable on the basis of land, labor, and equipment available for the production of peanuts, crop-rotation practices, and soil and other physical factors affecting the production of peanuts. Any transfer of allotments under this provision shall not operate to reduce the allotment for any subsequent year for the farm from which acreage is transferred, except as the farm becomes ineligible for an allotment by failure to produce peanuts during a three-year period, and any such transfer shall not operate to increase the allotment for any subsequent year for the farm to which the acreage is transferred: *Provided,* That, notwithstanding any other provisions of this Act, any part of any farm acreage allotment may be permanently released in writing to the county committee by the owner and operator of the farm, and reapportioned as provided herein.

(h) Notwithstanding any other provision of this section, the allotment determined or which would have been determined for any land which is removed from agricultural production in 1950 or any subsequent year for any purpose because of acquisition by any Federal, State, or other agency having a right of eminent domain shall be placed in a pool and shall be available for use in providing equitable allotments for farms owned or acquired by owners displaced because of acquisition of their farms by such agencies. Upon application to the county committee, within five years from the date of such acquisition of the farm, any owner so displaced shall be entitled to have an allotment for any other farm owned or acquired by him equal to an allotment which would have been determined for such other farm plus the allotment which would have been determined for the farm so acquired: *Provided,* That such allotment shall not exceed 50 per centum of the acreage of cropland on the farm.

The provisions of this section shall not be applicable if (a) there is any marketing quota penalty due with respect to the marketing of peanuts from the farm acquired by the Federal, State, or other agency or by the owner of the farm; (b) any peanuts produced on such farm have not been accounted for as required by the Secretary; or (c) the allotment next established for the farm acquired by the Federal, State, or other agency would have been reduced because of false or improper identification of peanuts produced on or marketed from such farm.

(i) The production of peanuts on a farm in 1959 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: Provided, however, That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm.

MARKETING PENALTIES

SEC. 359. (a) The marketing of any peanuts in excess of the marketing quota for the farm on which such peanuts are produced, or the marketing of peanuts from any farm for which no acreage allotment was determined, shall be subject to a penalty at a rate equal to 75 per centum of the support price for peanuts for the marketing year (August 1–July 31.) Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. The Secretary may require collection of the penalty upon a portion of each lot of peanuts marketed from the farm equal to the proportion which the acreage of peanuts in excess of the farm-acreage allotment is of the total acreage of peanuts on the farm. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. All funds collected pursuant to this section shall be deposited in a special deposit account with the Treasurer of the United States and such amounts as are determined, in accordance with regulations prescribed by the Secretary, to be penalties incurred shall be transferred to the general fund of the Treasury of the United States. Amounts collected in excess of determined penalties shall be paid to such producers as the Secretary determines, in accordance with regulations prescribed by him, bore the burden of the payment of the amount collected. Such special account shall be administered by the Secretary and the basis for, the amount of, and the producer entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive. Peanuts produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to account for the disposition of any peanuts, an amount of peanuts equal to the normal yield of the number of acres harvested in excess of the farm acreage allotment shall be deemed to have been marketed in excess of the marketing quota for the farm, and the penalty in respect thereof shall be paid and remitted by the producer. If any amount of peanuts produced on one farm is falsely identified by a representation that such peanuts were produced on another farm, the acreage allotments next established for both such farms shall be reduced by that percentage which such amount was of the respective farm marketing quotas, except that such reduction for any such farm shall not be made if the Secretary through the local committees finds that no person connected with such farm caused, aided, or acquiesced in such marketing; and if proof of the disposition of any amount of peanuts is not furnished as required by the Secretary, the acreage allotment next established for the farm on which such peanuts are produced shall be reduced by a percentage similarly computed. Notwithstanding any other provisions of this title, no refund of any penalty shall be made because of peanuts kept on the farm for seed or for home consumption.

(b) [The provisions of this part shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less.] *The provisions of this part shall not apply, beginning with the 1959 crop, to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply.*

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Calendar No. 2210

85TH CONGRESS
2D SESSION

H. R. 12224

[Report No. 2161]

IN THE SENATE OF THE UNITED STATES

JULY 8 (legislative day, JULY 7), 1958
Read twice and referred to the Committee on Agriculture and Forestry

AUGUST 4, 1958
Reported by Mr. TALMADGE, without amendment

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

"(i) The production of peanuts on a farm in 1959 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however,* That by reason of such production the farm need not be considered as ineligible for a new

farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended, to read as follows:

"The provisions of this part shall not apply, beginning with the 1959 crop, to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

Passed the House of Representatives July 7, 1958.

Attest: RALPH R. ROBERTS,

Clerk.

Calendar No. 2210

85TH CONGRESS
2D SESSION

H. R. 12224

[Report No. 2161]

AN ACT

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

JULY 8 (legislative day, JULY 7), 1958

Read twice and referred to the Committee on Agriculture and Forestry

AUGUST 4, 1958

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued August 12, 1958
For actions of August 11, 1958
85th-2d, No. 137

CONTENTS

HIGHLIGHTS: Senate agreed to conference report to extend trade agreements authority. Senate passed bill to facilitate USDA insured loans. Several Senators urged enactment of legislation to prevent reduction in cotton allotments, and extend the Wool Act.

HOUSE

1. FORESTRY. The Interior and Insular Affairs Committee reported with amendment H. R. 13101, to extend the boundaries of the Siskiyou National Forest (H. Rept. 2543). The bill was ordered reported by the Committee earlier in the day. pp. 15568, D829

2. MINING CLAIMS. The Interior and Insular Affairs Committee reported with amendment S. 2039, to clarify the requirements with respect to the performance of labor imposed as a condition for the holding of mining claims on Federal lands pending the issuance of patents therefor (H. Rept. 2540). p. 15568

3. RECLAMATION. The Interior and Insular Affairs Committee ordered reported with amendment H. R. 9239, to provide for the construction of an irrigation distribution system for restricted Indian lands in Riverside County, Calif. p. D829

4. WATERSHEDS. Received a letter from the Agriculture Committee stating that it had approved the following work plans for watershed projects: Furnace Brook-Middle River, Conn. and Mass.; Brusseron, Ind.; and Crooked Creek, Iowa; to Appropriations Committee. pp. 15560, 15568

5. LEGISLATIVE PROGRAM. Rep. McCormack announced that the bills originally scheduled for consideration Mon., Aug. 11 (see Digest 136), would be considered Tues., Aug. 12, and the following day, if necessary. He also stated that H. R. 13254, the chemical food additive bill, would be considered under suspension of the rules Wed., Aug. 13. p. 15560

SENATE

6. TRADE AGREEMENTS. Agreed to, 72 to 18, the conference report on H. R. 12591, the Reciprocal Trade Agreements extension bill. This bill will now be sent to the President. pp. 15434-41, 15444-6

7. COTTON; WOOL. Sens. Talmadge, Symington, Yarborough, Ervin, Thurmond, Sparkman, and Stennis urged the passage of legislation to preserve cotton acreage allotments and price supports at current levels, and Sens. Langer and Humphrey urged extension of the Wool Act. pp. 15441-4, 15455-6

8. LOANS. Passed without amendment S. 3333, to facilitate the insurance of farm ownership and soil and water conservation loans, through authorizing the conversion of direct loans into insured loans and limited use of mortgage insurance funds in making loans if converted into insured loans without undue delay, authorizing the Department to receive a larger share of interest payments on insured loans than at present and to sell such loans as uninsured loans when the borrower has failed to refinance his obligations as agreed to, authorizing the Treasury to set the interest rate on mortgage insurance funds borrowed, and permitting National Banks to loan 25% instead of 10% of its capital to one individual in the case of these insured loans. pp. 15415-16

9. PEANUTS. Passed without amendment H. R. 12224, to prohibit the creation of an acreage history on peanuts after 1957 by those growing peanuts without an acreage allotment. This bill will now be sent to the President. p. 15411

10. ACREAGE ALLOTMENTS. Passed as reported S. 4151, to establish uniform provisions for the transfer of acreage allotments when the landowner is displaced by an agency having the right of eminent domain. The bill would combine the various provisions relating to each commodity in one uniform provision of the Agricultural Adjustment Act. pp. 15416-17

Passed without amendment H. R. 12840, to provide for a single acreage allotment for Va. sun-cured and Va. fire-cured tobaccos if farmers vote approval in a referendum. This bill will now be sent to the President. p. 15411

11. EXCISE TAXES. Continued debate on H. R. 7125, to make technical changes in the Federal excise tax laws. Agreed to the committee amendments and rejected various other amendments offered. pp. 15450-4, 15463-74, 15500-24, 15531-58.

12. DESERT-LAND ENTRIES. Received the President's message returning S. 359, to permit desert-land entries on disconnected tracts of land up to 320 acres, for correction and re-enrollment as requested by the Congress. p. 15459

13. RECLAMATION. At the request of Sen. Clark, passed over S. 3648, to authorize the Interior Department to construct and operate the Navaho Indian irrigation project and the initial stage of the San Juan-Chama project. p. 15417

At the request of Sens. Talmadge and Barrett, passed over S. 1887, to authorize the Interior Department to construct the San Luis Unit, Central Valley Project, Calif., and to enter into an agreement with the State to operate it. p. 15417

EXTENSION OF PERIOD OF TAX EXEMPTION OF ORIGINAL LESSEES HAWAIIAN HOMES COMMISSION ACT

The bill (H. R. 8476) to amend the Hawaiian Homes Commission Act to extend the period of tax exemption of original lessees from 5 to 7 years was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF SECTION 69 OF THE HAWAIIAN ORGANIC ACT

The bill (H. R. 8673) to amend section 69 of the Hawaiian Organic Act was considered, ordered to a third reading, read the third time, and passed.

ACREAGE ALLOTMENTS FOR PEANUTS

The bill (H. R. 12224) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts, was announced as next in order.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. TALMADGE. Mr. President, the bill makes two minor changes in the peanut marketing quota law. First, it provides that the production of peanuts without an allotment shall not affect a farm's status as an "old" or "new" peanut farm. Second, it provides that the present provision permitting any farm to harvest up to 1 acre for nuts without penalty will not be applicable if the producers share in the peanuts produced on any other farm.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 12224) was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF AGRICULTURAL ADJUSTMENT ACT OF 1938

The bill (H. R. 12840) to amend the Agricultural Adjustment Act of 1938 was announced as next in order.

Mr. KNOWLAND. Mr. President, may we have an explanation of the bill?

Mr. TALMADGE. Mr. President, the bill authorizes the Departmetn of Agriculture to combine allotments for Virginia fire-cured and Virginia sun-cured tobacco on any farms having allotments for both types. It would subject to approval of the producers of these types of tobacco voting in a special referendum. The two types are indistinguishable and, as a practical matter, farms which have both kinds of allotment produce only one kind of tobacco. The bill will therefore simplify administraton of the program.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 12840) was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF TARIFF ACT OF 1930 RELATING TO DUTIABLE STATUS OF HANDLES

The bill (H. R. 7004) to amend the Tariff Act of 1930 with respect to the dutiable status of handles, wholly, or in chief value of wood, imported to be used in the manufacture of paint rollers was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF TARIFF ACT OF 1930—DRAWBACK UPON REEXPORTATION

The bill (H. R. 9919) to amend the Tariff Act of 1930 to extend the privilege of substitution for the purpose of obtaining drawback upon reexportation to all classes of merchandise, and for other purposes, was considered, ordered to a third reading, read the third time, and passed.

AID AND ATTENDANCE ALLOWANCE TO CERTAIN PARAPLEGIC VETERANS

The Senate proceeded to consider the bill (H. R. 3630) to amend the Veterans' Benefits Act of 1957, to provide that an aid and attendance allowance of $200 per month shall be paid to certain paraplegic veterans during periods in which they are not hospitalized at Government expense, which had been reported from the Committee on Finance, with an amendment, on page 1, after line 5, to strike out:

"(r) If a disabled person, as the result of service-incurred disability, has suffered the anatomical loss or permanent loss of use of both hands and one or both of his feet, or of both feet and one or both of his hands, and is in need of regular aid and attendance, he shall be paid, in addition to the compensation prescribed by the foregoing provisions of this section or the compensation prescribed by section 335, a monthly aid and attendance allowance at the rate of $200 for all periods during which he is not hospitalized at Government expense."

And, in lieu thereof, to insert:

"(r) If any veteran, otherwise entitled to the compensation authorized under subsection (o), or the maximum rate authorized under subsection (p), is in need of regular aid and attendance, he shall be paid, in addition to such compensation, a monthly aid and attendance allowance at the rate of $100 for all periods during which he is not hospitalized at Government expense. For the purposes of section 335, such allowance shall be considered as additional compensation payable for disability."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

The title was amended so as to read: "An act to amend the Veterans' Benefits Act of 1957 to provide that an additional aid and attendance allowance of $100 per month shall be paid to certain severe service-connected disabled veterans during periods in which they are not hospitalized at Government expense."

AMENDMENT OF SOCIAL SECURITY ACT—INSURANCE BENEFITS BY REMARRIAGE

The Senate proceeded to consider the bill (H. R. 5411) to amend title II of the Social Security Act to provide that a widow or former wife divorced who loses mother's insurance benefits by remarriage may again become entitled if her husband dies within 1 year of such marriage which has been reported from the Committee on Finance, with an amendment, on page 2, after line 13, to insert a new section, as follows:

SEC. 2. Subsection (k) of section 218 of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(3) Any agreement with any instrumentality of two or more States entered into pursuant to this act may, notwithstanding the provisions of subsection (d) (5) (A) and the references thereto in subsections (d) (1) and (d) (3), apply to service performed by employees of such instrumentality in any policeman's or fireman's position covered by a retirement system, but only upon compliance, to the extent practicable, with the requirements of subsection (d) (3). For the purpose of the preceding sentence, a retirement system which covers positions of policemen or firemen or both, and other positions shall, if the instrumentality concerned so desires, be deemed to be a separate retirement system with respect to the positions of such policemen or firemen, or both, as the case may be."

The amendment was agreed to.

Mr. CLARK. Mr. President, on behalf of the senior Senator from Washington [Mr. MAGNUSON], I offer an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add a new section, as follows:

POLICEMEN AND FIREMEN IN STATE OF WASHINGTON

SEC. 3. Section 218 (p) of the Social Security Act (relating to policemen and firemen in certain States) is amended by inserting "Washington," immediately after "Tennessee."

Mr. CLARK. Mr. President, the amendment has been approved by the Committee on Finance, and, I understand, has been cleared with the minority leader.

Mr. FREAR. Mr. President, on behalf of the chairman of the Committee on Finance [Mr. BYRD], I may say that he will accept the amendment.

The PRESIDING OFFICER. The question is on agreeding to the amendment offered by the Senator from Pennsylvania [Mr. CLARK] on behalf of the senior Senator from Washington [Mr. MAGNUSON].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 5411) was read the third time, and passed.

SOCIAL-SECURITY COVERAGE FOR CERTAIN EMPLOYEES OF TAX-EXEMPT ORGANIZATIONS

The Senate proceeded to consider the bill (H. R. 7570) to amend section 403 of the Social Security Amendments of 1954 to provide social-security coverage for certain employees of tax-exempt organizations which erroneously but in good faith failed to file the required waiver certificate in time to provide such coverage, which had been reported from the Committee on Finance, with amendments, on page 1, line 4, after the word "is", to strike out "amended—

"(1) by striking out 'but which has failed to file' and inserting in lieu thereof 'but which (A) failed to file'; and

"(2) by inserting before the semicolon at the end thereof the following: ', or (B) filed a valid waiver certificate prior to the enactment of the Social Security Amendments of 1956 but after such individual's services for such organization were terminated'." and in lieu thereof to insert "amended by striking out 'has failed to file prior to the enactment of the Social Security Amendments of 1956' and inserting in lieu thereof 'did not have in effect, during the entire period in which the individual was so employed,'."; on page 2, after line 8, to strike out:

SEC. 2. Section 403 (a) (5) of the Social Security Amendments of 1954 is amended by inserting "that a waiver certificate was not necessary or" after "assumption".

And in lieu thereof to insert:

SEC. 2. Section 403 (a) (3) of the Social Security Amendments of 1954 is amended by inserting "performed during the period in which such organization did not have a valid waiver certificate in effect" after "service".

And, after line 15, to insert a new section, as follows:

SEC. 3. Section 403 (a) (5) of the Social Security Amendments of 1954 is amended by inserting "without knowledge that a waiver certificate was necessary or" after "in good faith and".

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AMENDMENT OF TITLE II, SOCIAL SECURITY ACT

The Senate proceeded to consider the bill (H. R. 8599) to amend title II of the Social Security Act so as to provide that the exception from "Wages" made by section 209 (i) of such act is not applicable to payments to employees of a State or a political subdivision thereof for employment covered under voluntary agreements pursuant to section 218 of such act, which had been reported from the Committee on Finance, with amendments, on page 1, line 3, after the word "That", to strike out "section 218 of the Social Security Act is amended by adding the following paragraph at the end of subsection (b) of such section:

"(6) The term 'wages' means wages as defined in section 209, and shall include remuneration which, if not for service performed in the employ of a State or a political subdivision thereof, would be excluded from wages by section 209 (i)." and, in lieu thereof, to insert "subsection (i) of section 209 of the Social Security Act is amended by inserting immediately before the semicolon a period and the following: 'As used in this subsection, the term "sick pay" includes remuneration for service in the employ of a State, a political subdivision (as defined in section 218 (b) (2)) of a State, or an instrumentality of two or more States, paid to an employee thereof for a period during which he was absent from work because of sickness." ;and, on page 2, after line 10, to strike out:

SEC. 2. (a) The amendment made by this act shall be applicable with respect to remuneration paid after the enactment of this act, except that it shall be applicable with respect to payments to the members of a coverage group as defined in section 218 (b) (5) of the Social Security Act before enactment if the total of the contributions under section 218 of the Social Security Act with respect to such payments to the members of such coverage group is paid prior to January 1, 1959.

And in lieu thereof, to insert:

SEC. 2. The amendment made by section 1 shall be applicable to remuneration paid after the enactment of this act, except that, in the case of any coverage group which is included under the agreement of a State under section 218 of the Social Security Act, the amendment made by section 1 shall also be applicable to remuneration for any member of such covereage group with respect to services performed after the effective date, specified in such agreement, for such coverage group, if such State has paid or agrees, prior to January 1, 1959, to pay, prior to such date, the amounts which under section 218 (e) would have been payable with respect to remuneration of all members of such coverage group had the amendment made by section 1 been in effect on and after January 1, 1951. Failure by a State to make such payments prior to January 1, 1959, shall be treated the same as failure to make payments when due under section 218 (e).

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend title II of the Social Security Act so as to provide that the exception from 'wages' made by section 209 (i) of such act shall not be applicable to payments to employees of a State or a political division thereof for periods of absence from work on account of sickness."

CONVERSION OR EXCHANGE OF TERM INSURANCE UNDER NATIONAL SERVICE LIFE INSURANCE ACT

The Senate proceeded to consider the bill (H. R. 11382) to authorize conversion or exchange, under certain conditions, of term insurance issued under section 621 of the National Service Life Insurance Act, and for other purposes, which had been reported from the Committee on Finance, with amendments, on page 3, after line 15, to insert a new section, as follows:

SEC. 3 (a). Notwithstanding the provisions of section 619 of the National Service Life Insurance Act of 1940, as amended, insurance may be granted under section 602 (c) (2) of the National Service Life Insurance Act of 1940, as amended, to any individual who has had active service (as defined in such act) between October 8, 1940, and April 24, 1951, both dates inclusive, upon application made in writing within 1 year after the effective date of this act, and subject to the limitations provided in such section, and to the other provisions of the National Service Life Insurance Act of 1940, as amended.

(b) Notwithstanding any time limitation for filing application for insurance contained in section 620 or section 621 of the National Service Life Insurance Act of 1940, as amended, any person heretofore eligible to apply for insurance under such sections shall, upon application made in writing within 1 year after the effective date of this act, be granted insurance thereunder, subject to the other limitations specified in such sections, except that where application for insurance under the provisions of section 621 of the act is made more than 120 days after separation from active service the applicant shall be required to submit evidence satisfactory to the Administrator of Veterans' Affairs of good health at the time of such application. Insurance granted pursuant to this subsection under section 621 (as amended by sections 1 and 2 of this act) shall be on the limited convertible term or permanent plans of insurance and the premiums shall be based on table X–18 and interest at the rate of 2½ percent with an additional amount for administrative costs as determined by the Administrator. The Administrator is authorized to transfer annually an amount representing such administrative cost from the revolving fund to the general fund receipts in the Treasury.

(c) All premiums paid and other income received on account of national service life insurance granted under the authority contained in subsection (a) shall be segregated in the national service life insurance fund and, together with interest earned thereon, shall be available for the payment of liabilities under such insurance.

Notwithstanding the provisions of section 606 of the National Service Life Insurance Act of 1940, as amended, the Administrator of Veterans' Affairs shall determine annually the administrative costs which in his judgment are properly allocable to such insurance and shall thereupon transfer the amount of such costs from any surplus otherwise available for dividends on such insurance from the national service life insurance fund to the national service life insurance appropriation.

And, on page 5, at the beginning of line 16, to change the section number from "3" to "4."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the conversion or exchange, under certain conditions, of term insurance issued under section 621 of the National Service Life Insurance Act and to provide a 1-year period during which certain veterans may be granted national service life insurance, and for other purposes."

Public Law 85-717
85th Congress, H. R. 12224
August 21, 1958

AN ACT

72 Stat. 709.

To amend the Agricultural Adjustment Act of 1938, as amended, with respect to acreage allotments for peanuts.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 358 of the Agricultural Adjustment Act of 1938, as amended (7 U. S. C. 1358), is amended by adding at the end thereof the following new subsection:

Peanuts. Acreage allotments. 55 Stat. 88.

"(i) The production of peanuts on a farm in 1959 or any subsequent year for which no farm acreage allotment was established shall not make the farm eligible for an allotment as an old farm under subsection (d) of this section: *Provided, however*, That by reason of such production the farm need not be considered as ineligible for a new farm allotment under subsection (f) of this section, but such production shall not be deemed past experience in the production of peanuts for any producer on the farm."

SEC. 2. Section 359 (b) of the Agricultural Act of 1938, as amended, is amended, to read as follows:

55 Stat. 90. 7 USC 1359.

"The provisions of this part shall not apply, beginning with the 1959 crop, to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less provided the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm. If the producers who share in the peanuts produced on a farm on which the acreage harvested for nuts is one acre or less also share in the peanuts produced on other farm(s) the peanuts produced on such farm on acreage in excess of the allotment, if any, determined for the farm shall be considered as excess acreage and the marketing penalties provided by section 359 (a) shall apply."

Approved August 21, 1958.

GPO 20139